



## Press release

Paris, July 24th 2008

### Growth in the Icade's Revalued Net Asset Value and good profit performance in the first semester of 2008

- The consolidated earnings progressed by 19% to reach 762 million Euros
- EBITDA reached 156 million Euros, a rise of 25%
- The net current cash-flow increased by 33% and now stands at 112 million Euros
- The Group's share of net income is down by 10% and stands at 92 million Euros due to planned housing sales being moved to the second half of 2008
- The revalued liquidation net assets value stands at 5 387 million Euros, or 110.4 Euros per share (+1.8% compared with December 2007) based on an expert valuation of assets of 6 808 million Euros, an increase of 9% compared with December 2007.

### Earnings increased by 19%

On 30 June 2008, Icade had achieved consolidated earnings of 762 million Euros, and increase of 19% compared with June 2007. The breakdown shows 26% for the property investment activity, 69% for the property development activity and 13% for the property services activity.

(in Millions of Euros)	30/06/2008	30/06/2007	change
Property investment	198	168	18%
Property development	524	393	33%
Property services	103	105	-2%
Others <sup>1</sup>	-62	-24	
Total earnings	762	642	19%

This increase is mainly linked to the good performance of the property investment and promotion activities. The change in the earnings of the property investment reached 18% in the first half of 2008 of which 4.3% on a like for like basis. The property development activity is up by 33% against 30th June 2007 despite a slowdown in housing development. The growth as expected in commercial property and public and health amenities development has provided a boost to growth the entire division. To offset the worsening conditions for new housing sales to the private home buyer, Icade has implemented an alternative strategy by entering to block selling with institutions while adjusting the production to the rate of sales. On this basis ICADE achieved block sales of 521 houses in the first half of 2008. This strategy should generate regular sales in the coming financial quarters.

### EBITDA grows by 25%

EBITDA grew by 25%, reaching 156 million Euros on 30<sup>th</sup> June 2008 against 125 million Euros on 30<sup>th</sup> June 2007. Most of this growth is linked to ICADE proportionally increasing its property investment activities in accordance with the implemented strategy, (EBITDA of 131 million Euros and EBITDA margin of 66% for the first two quarters of 2008 compared with 97 million Euros for the EBITDA and a EBITDA margin of 58% for 30<sup>th</sup> June 2007). The EBITDA of the property development activity reached 37 million Euros on 30<sup>th</sup> June 2007 an increase of 9% compared with 30<sup>th</sup> June 2007. Nevertheless, the EBITDA margin of the property development business is down in the first half of 2008 reaching 7% of earnings compared to 8.7% for the first semester of 2007. This was due to the worsening state in housing development market (EBITDA margin 5.6% on 30<sup>th</sup> June 2008). The EBITDA margin in the property services division is almost stable on 30<sup>th</sup> June 2008, reaching 6% of earnings (EBITDA stable at 6 million Euros on 30<sup>th</sup> June 2008).

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<sup>1</sup> Icade SA and Intra group business



The depreciations costs moved from 42 million Euros on the 30th June 2007 to 57 million Euros on 30th June 2008, due to Icade's investment policy. Icade is actively continuing its arbitrage programme for its housing portfolio and will achieve more sales and higher profits from disposals in 2008 than the previous year.

Given the lack of symmetry in the spread of income from disposals between the first semester in 2008, the operating profit stands at 156 million Euros compared to 179 million Euros for the first half of 2007. The asset disposal profits, comprising mainly disposal of homes finalised in the first half of the year, concerns the block sale of 1 021 homes at an average price of 895 E/ m<sup>2</sup> and the sale of 107 homes at an average unit price of 1 980 E/ m<sup>2</sup> in the Ile de France region.

89% of the operating income came from for property investment activities, 17% for property development and 3% for property services:

(in million Euros)	30/6/2008	30/6/2007	% Change
Property investment	139	165	-16%
Property development	26	33	-20%
Property services	4	4	+3%
Others <sup>2</sup>	-14	-22	
Total Operating result	156	179	-13%

#### **The net current cash flow is up by 33%**

The net current cash-flow increased by 33% to reach 112 million Euros on 30th June compared with 84 million Euros in the first half of 2007. The improvement in the EBITDA over the period was mainly due to acquisitions in the second half of 2007 (Opera Construction, Tour Descartes and the head office of Esso), is balanced in part by the increase in financial charges linked notably to the burden of operations not yet producing rents and the improvement in the current corporation tax regime (moving to the SIIC tax regime at the end of 2007). The operations under development, such as the Metropolitan in Villejuif, the Ernst & Young building in Munich or the renovation of the former headquarters in Rueil-Malmaison will start producing cash flow from 2009 onwards, as planned.

#### **The Group's share of net income down by 10%**

Given the timetable for finalising the disposals, the group's share of net income stood at 92 million Euros on 30th June 2008, compared to 101 million Euros on 30th June 2007.

#### **The revalued liquidation net assets value per share achieved a 1.8% increase compared to 31st December 2007**

The value of the portfolio excluding rights reached 6 808 million Euros on 30th June 2008 an increase of 9.3% compared with the 31st December 2007 and on a like for like basis of 4%. The Re-valued Liquidation net asset value stands at 5 387 million Euros or 110.4 Euros per share and demonstrates the robustness of Icade's balance sheet given the current context.

The unrealised net capital gains for income tax taken into consideration in the calculation of Re-valued Liquidation Net Asset comprises the capital gains for the property development and services divisions at a rate of 14% on 30th June 2008, compared with 18% at the end of 2007, demonstrating that the impact is limited and the valuation risk under control for these activities with regard to the property investment activities which are showing impressive resistance.

#### **A policy of active arbitrage and a selective investment strategy**

Icade actively continues its programme of arbitrage for its housing portfolio. Housing disposals amounting to 58.5 million Euros were achieved at a high premium compared with the expert valuation on 31st December 2007. The sum for committed disposals for block housing operations achieved

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<sup>2</sup> Icade SA and Intra group business



before the end of 2008 represents 3 239 homes and should be sold at about 950E/m<sup>2</sup>. While Call for Tenders for disposals achievable in 2009 concern 1 074 homes. In 2007, 3 131 homes were disposed of in block and 198 sold individually (2 431 in block and 95 individual sales in the first half).

The resources from disposals were reassigned to the most profitable commercial property activities. Thus the investments reaching 16 million Euros for office blocks in France, 44 million Euros for business parks, 22 million Euros for shops and shopping complexes, 127 million Euros for public facilities, 5 million Euros for SIICInvest and 7 million Euros for the investment in German office blocks.

### **A secured debt profile**

The loan to value (LTV) ratio, which is calculated with prudence as the relation between the group's net debt across all its activities, including the financing of property development and services, and the single expert valuation of the portfolio (excluding rights) of the investments reached 31% on 30th June 2008 compared to 25% at the end of 2007. The net debt stood at 2.1 billion Euros on the 30th June 2008 compared to 1.6 billion Euros on the 31st December 2007.

Over the past few months, Icade has negotiated secured credit facilities for financing its medium term development. In 2008, Icade signed lines of credit amounting to 630 million Euros representing an average spread of 58 bp on the 3 month Euribor for an average maturity of 4.4 years. Thanks to its policy of effective hedging, the impact of the rate increase is limited to the average cost of debt at 4.62% on 30th June 2008 (lower than the average 3 month Euribor for the first half of 2008) for a favourable average maturity of 5.8 years.

### **Important events in 2008**

In June and July 2008, Icade acquired 4 clinics from the group 3H and 4 clinics from the group Générale de Santé for the sums of 76 million Euros and 238 million Euros respectively, including projected works. These new acquisitions, which guarantee immediate cash flows indexed on the long term, form part of Icade's investment strategy for the health sector and give it full nationwide coverage. Its portfolio of private clinics now amounts to 2 767 beds, representing an investment of nearly 551 million Euros for an average return of 7.1%.

Icade will build and lease back to LCL (Credit Lyonnais) its future operational headquarters: 60 000 m<sup>2</sup> of office space in Villejuif, on the National Road 7, at the foot of the metro station Leo Lagrange. The programme developed by Icade under the name 'Metropolitan', will comprise 4 'High Environmental Quality' buildings. The handover of the first building will take place at the end of 2008, the other buildings are due for handover over the next three years. The investment amounts to 280 million Euros and the expected yield on cost of this operation is 6.6. The operation is a perfect example of Icade's property investment/development model and helps to create a new business property zone to the south of Paris.

Both these office and clinic acquisitions serve to anchor Icade's activity in the commercial property sector and to secure significant cash flows.

### **Strategy**

In the context of a more difficult financial market, Icade is very prudent in its investment policy, giving priority to projects developed internally, thus benefiting from attractive levels of profitability. The projects under development will therefore bring significant cash flows in the medium term. In parallel, given the current trends in the financial and property markets, Icade will invest as the opportunity arises in projects providing immediate secured cash flows.

Icade will actively continue its arbitrage programme in the housing and business property sectors.

The board of directors stresses its confidence in the resilient nature of Icade's net asset value (+1.8% over the last semester), which results from solid fundamentals, resilient assets and healthy liabilities.

Icade can confirm projections over the medium term of:

- a two digit growth in the net current cash flow
- a progression in dividends in line with the average growth in cash-flows.

### Consolidated key figures

In millions of Euros	30/06/08	30/06/07	% Change
<b>Earnings</b>	<b>762</b>	<b>642</b>	<b>19%</b>
<b>EBITDA</b>	<b>156</b>	<b>125</b>	<b>25%</b>
<b>EBITDA margin %</b>	<b>20,5%</b>	<b>19,6%</b>	
<b>Depreciation costs</b>	<b>57</b>	<b>42</b>	<b>35%</b>
<b>Income from Disposal</b>	<b>58</b>	<b>96</b>	<b>(40)%</b>
<b>Operating income</b>	<b>156</b>	<b>179</b>	<b>(13)%</b>
<b>Financial profit/loss</b>	<b>(40)</b>	<b>(13)</b>	
<b>Tax charges</b>	<b>(22)</b>	<b>(60)</b>	
<b>Group's share of net income</b>	<b>92</b>	<b>101</b>	<b>(10)%</b>
<b>Net current cash flow</b>	<b>112</b>	<b>84</b>	<b>33%</b>

In Millions of Euros	30/06/08	31/12/07
<b>Net Financial debt</b>	<b>2 142</b>	<b>1 574</b>
<b>LTV</b>	<b>31%</b>	<b>25%</b>

In Millions of Euros	30/06/08	31/12/07
<b>Revalued Replacement Net Asset Value</b>	<b>5 779</b>	<b>5 709</b>
<b>In Euros per share</b>	<b>118,5</b>	<b>116,4</b>
<b>Revalued Liquidation Net Asset Value</b>	<b>5 387</b>	<b>5 317</b>
<b>In Euros per share</b>	<b>110,4</b>	<b>108,4</b>

- Number of diluted shares on 30/06/08 = 48 784 785
- Number of shares on 31/12/2007 = 49 038 624

First semester financial statement was lodged with the Authority of the Financial Markets (A.M.F) is consultable in its entirety on Internet site of the Company: <http://icade-foncierepublique.com/fo/en/category/finance,icade-ex-icade-emgp,icade-emgp-rapport-financier-semestriel.do>



### **Upcoming events**

Third Quarter results 2008: 22 October 2008 after closure  
2008 Annual results: 9<sup>th</sup> February 2009 after closure

### **About Icade**

Icade, a publicly listed investment company and subsidiary of the Caisse des Dépôts, chaired by Serge Grzybowski, is a major player in the property market, with activities spanning the entire value chain: be it investment, service development and provider in the residential, offices, business parks, business and shopping centres as well as public health facilities. The Company's know-how includes conceptualising, developing, investing, holding, arbitrating, operating and managing properties. Its expertise across the different businesses enables Icade to tailor solutions to its clients needs and to have a wide scope of action in the face of the current sector issues. As at 30<sup>th</sup> June 2008, Icade achieved consolidated earnings of 762 million Euros and a net active cash flow of 112 million Euros. The liquidated net asset value reached 5 387 million Euros or 110.4 Euros per share on 30<sup>th</sup> June 2008.

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## **Appendix : Analysis of results and activities on the 30<sup>th</sup> June 2008**

# Half-Year Report of Activities on the 30th June 2008

*Developer REIT*

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## I Profit and loss account and consolidated balance sheet on 30th June 2008

(In million Euros)	30 june 2008	30 june 2007
Earnings	762.5	642.3
EBITDA	156.0	125.2
<i>As a percentage of earnings</i>	20.5%	19.5%
Depreciation expenses net of investment grants	(57.2)	(42.4)
Charges and reversals linked to loss in value on tangible, financial and other current assets	(1.2)	0.9
Profit from Disposals	58.1	96.3
Loss of value on goodwill and intangible fixed assets	0.0	(0.5)
Operating profit	155.7	179.5
Financial result	(40.0)	(13.4)
Tax on results	(21.8)	(59.5)
Net profit	93.8	106.1
Net profit : group share	91.5	101.5

(in millions Euros)	30 June 2008	31 December 2007
<b>ASSETS</b>		
Net consolidated goodwill	145.8	140.7
Net intangible assets	40.9	46.6
Net tangible assets	370.4	243.3
Net investment properties	2 698.0	2 549.5
Non-current securities available for sale	19.4	61.9
Securities consolidated by the equity method	0.4	(0.1)
Other non-current financial assets	94.2	79.4
Deferred tax assets	26.7	23.0
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3 395.8</b>	<b>3 144.3</b>
Current Stocks	440.9	345.8
Trade debtors	383.7	370.6
Amounts due by customers (building contracts and off-plan sales)	180.4	124.6
Tax receivables	12.6	24.0
Miscellaneous receivables	625.6	689.4
Current securities available for sale	0.9	21.5
Other current financial assets	59.1	58.3
Cash and cash equivalents	755.5	585.8
<b>TOTAL CURRENT ASSETS</b>	<b>2 458.7</b>	<b>2 220.0</b>
Assets held for disposal	65.0	10.1
<b>TOTAL ASSETS</b>	<b>5 919.5</b>	<b>5 374.4</b>
<b>LIABILITIES</b>		
Capital and reserves – Group share	1 375.4	1 419.8
Minority interests	13.4	8.2
<b>CAPITAL AND RESERVES</b>	<b>1 388.8</b>	<b>1 428.0</b>
Non-current provisions	52.4	53.2
Non-current financial accounts payable	2 112.6	1 765.1
Tax payable	99.6	122.0
Differed tax liabilities	21.4	30.9
Miscellaneous non-current payables	42.4	55.2
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2 328.4</b>	<b>2 026.4</b>
Current provisions	39.9	42.6
Current financial accounts payable	945.7	595.5
Tax payable	81.8	132.0
Trade creditors	416.9	433.3
Amounts due to customers (building contracts and off-plan sales)	117.7	81.6
Miscellaneous current payables	595.4	630.9
Other current financial liabilities	4.9	4.1
<b>TOTAL CURRENT LIABILITIES</b>	<b>2 202.3</b>	<b>1 920.0</b>
<b>TOTAL LIABILITIES</b>	<b>5 919.5</b>	<b>5 374.4</b>

## II – Analysis and comments on the results and the activities

### A – Important events – Half-year 2008

**NOTE: MERGER ON 30TH NOVEMBER 2007 WITH EXTENSION OF THE SIIC REGIME (Preferential tax regime).**

The absorption-merger operation, completed on the 30th November 2007 by ICADE Emgp (now renamed Icade) with its three sister companies Icade Foncière Publique, Icade Patrimoine and Icade Foncière des Pimonts as well as the parent company Icade, was analysed as a regrouping of consolidated companies by complete integration entailing the transfer to Icade of minority interests of the subsidiaries participating in the merger operation.

The standard IFRS 3 does not apply to companies regrouped under common control and given the absence of anything dealing with this type of operation in IFRS, reference was made to paragraph 10 of IAS 8 which allows the Board of Directors to use its judgement to apply a compatible method which allows it to provide pertinent and reliable information for its users, i.e., enabling them to present a reliable picture of the company's financial situation which communicates the operational economic reality and not just the legal form.

On this basis, for the 2007 period:

- the consolidated financial statements of Icade post merger on the 30<sup>th</sup> December 2007, was presented by comparing the consolidated accounts of Icade on the 31<sup>st</sup> December 2006;
- the assets and liabilities were transferred at cost, reflecting the lack of any economic change within the group;
- the differences in acquisition price, recorded by Icade at the time of merging with its subsidiaries were maintained.

Using the same logic, Icade's consolidated financial statement on the 30th June 2008 is presented by comparing the Icade's consolidated half-year results before merger on the 30th June 2007.

**The main acquisition activities over the first two quarters follow Icade's strategy : disposal of housing assets and the selective reinvestment in commercial property which has a higher profitability. They concerned:**

- **Shopping centres Property Investment Division:** Acquisition of l'Immobilière Mr.Bricolage : following the additional acquisition of 63% of the capital of l'Immobilière Mr.Bricolage on the 1<sup>st</sup> January 2008 for a sum of 40.9 million Euros excluding rights and the conversion of the company's convertible bonds, Icade now holds 95% of the capital of l'Immobilière Mr.Bricolage , which has now been renamed Icade Bricolage, and has consolidated the company through merger as of the 1<sup>st</sup> January 2008. Icade Bricolage owns the property assets of 35 stores and has opted for the SIIC tax regime on 1<sup>st</sup> January 2008.
- **Business Parks Property Investment Division:** Purchase of land close to the future metro station 'Proudhon Gardinoux' on January 14<sup>th</sup> 2008 for a total of 25.7 million Euros.
- **Healthcare and Public Amenities Property Investment Division:**
  - Acquisition of the Nantes polyclinic (32 506m<sup>2</sup>) from the Vedici Group in May 2008 for a total of 63.8 million Euros
  - Acquisition of the Roz Arvor convalescence centre (4 124 m<sup>2</sup>) in May 2008 from the Vedici Group for a total of 9.3 million Euros.
  - Acquisition of the Saint Charles clinic at la Roche sur Yon in June 2008 (20 065 m<sup>2</sup>) from the 3H Group for a total of 18.9 million Euros.
  - Acquisition of the Maine polyclinic in Laval in June 2008 (10 261 m<sup>2</sup>) from the 3H group for a total of 16.7 million Euros.
- **Offices Property Investment Division: As part of the agreement signed with LCL in February,** Icade purchased 3 plots of land in June 2008 on the site under development in Villejuif, with the aim of building 3 buildings, to be leased to the company LCL. The acquisition cost for these 3 plots represents 29.7 million Euros on June 30<sup>th</sup> 2008.



- **Housing Investment Division:** The disposal of 1 021 homes sold in block (Villejuif: 605 homes and Poissy: 416 homes) and 107 homes sold individually for 58.9 million Euros.

At the Icade group level, the effect of these changes are not significant and do not modify the comparison between financial years.

#### Post closure event

Icade signed an agreement on the 3rd July with the Générale de Santé group concerning the premises of four private hospitals and at total of 947 beds located in the Ile de France région for a total of 201.7 million Euros (the transaction is scheduled for 15th September 2008). This acquisition will guarantee Icade cash flows indexed over the long term.

Complementing this transaction, Icade will bear the expenses for an investment of around 36 million Euros (over the period 2009-11) to modernise and increase the capacity of the facilities in question (the Hôpital Privé de l'Ouest Parisien in Trappes, the Centre Médico Chirurgical Parly II in Chesnay, Hôpital Privé Armand Brillard in Nogent-sur-Marne and the Hôpital Privé Paul d'Egine in Champigny-sur-Marne) including almost half of the establishment in Trappes.

The implementation of the leases, planned for September 2008 for a 12 year fixed duration, renewable at Générale de Santé's initiative, will generate lease payments of 13.7 million Euros, providing a 6.8% rate of return on the whole operation including the modernisation work.

## B – ACTIVITIES AND RESULTS HALF-YEAR 2008

### 1. Property investment

(In million Euros)	30/06/2008	30/06/2007	Variation
EARNINGS	197.6	167.9	29.7
Housing	98.6	100.7	(2.1)
Office blocks in France	32.0	19.7	12.3
SIICInvest	5.0	1.5	3.5
Office blocks in Germany	7.5	7.4	0.1
Business Parks	39.4	32.4	7.0
Amenities	11.0	6.4	4.6
Shops and Shopping centres	4.0	0.0	4.0
Cross business property investment	0.0	(0.1)	0.1

EBITDA	130.9	97.2	33.7
Housing	47.4	41.3	6.1
Office blocks in France	29.3	19.0	10.3
SIICInvest	3.9	0.6	3.3
Office blocks in Germany	5.6	6.0	(0.4)
Business parks	32.2	25.3	6.9
Amenities	8.9	5.0	3.9
Shops and shopping centre	3.7	0.0	3.7
Cross business Investment	0.0	0.0	0.0

OPERATING INCOME	139.1	165.0	(25.9)
Housing	85.4	126.0	(40.6)
Office blocks in France	22.1	18.1	4.0
SIICInvest	2.5	0.6	1.9
Office blocks in Germany	2.3	2.9	(0.6)
Business parks	18.2	12.4	5.8
Amenities	7.0	5.0	2.0
Shops and shopping centres	1.7	0.0	1.7
Cross business investment	0.0	0.0	0.0

Following the creation of the new organisation, there is no reference for the net rent on 30th June 2007. However, for the purpose of comparison the net rent on 31st December 2007 has been added.

## 1.1 Housing Investment

(in million Euros)	30/06/2008	30/06/2007	Change
Earnings	98.6	100.7	(2.1)
EBITDA	47.4	41.3	6.1
Operating Income	85.5	126.0	(40.5)

(in millions of Euros)	30/06/2008	31/12/2007
Rental income	97.8	198.7
Rental expenses not invoiced	(0.5)	(1.6)
Building expenses	(44.8)	(86.1)
Net rental	52.5	111.0
Rental margin (net rent/ rental income)	53.7%	55.9%

With 39 589 homes as of 30th June 2008, or nearly 2.3 million m<sup>2</sup> of floor space, the earnings of the housing investment activity stood at 98.6 million Euros compared to 100.7 million Euros on 30th June 2007 which represents a -2.1% change taking into account completed disposals and a +3.2% change on a like for like basis.

The main developments concern:

- The reduction in rental income following the disposal of housing assets in block or individual sales for 5.1 million Euros
- The effect of indexing rents on the IRL (3.23% in July 2007, creating an impact on the full year in 2008) which totalled 2.9 million Euros in 2008.
- The effect of the pricing policy, when re-letting at a higher rent, or using Article 17C (the rental increase spread across the life of the lease to allow the make up half the difference between the rent applied and the market rate), net of financial vacancy, produced 0.4 million Euros in additional rental income.

The financial occupancy rate reached 96.2% on 30th June 2008 and the rotation rate stood at 7.9%, slightly down by 0.4 points compared with 30th June 2007.

The average monthly rent per habitable m<sup>2</sup> (excluding charges) stood at 6.99 Euros on 30th June 2008 with 5.53 Euros for the so called conventional rental agreements and 6.98 for the rental agreements under common law.

The average rent on re-letting a home in Icade's unregulated sector stood at 10.04 Euros per square metre with an average floor space of around 55 m<sup>2</sup>.

In order to build value into its residential portfolio, Icade has invested 44.9 million Euros in maintenance and renovation during the first half of 2008.

(in millions of Euros)	30/06/2008	30/06/2007
Maintenance	12.7	12.9
Renovation- capitalised assets	32.2	26.7
<b>Development – capitalised assets</b>	<b>21.1</b>	<b>4.4</b>

After assigning building charges, the **net rents** from Icade's Housing investment activity reached 52.5 million Euros on 30<sup>th</sup> June 2008. The rental margin is slightly weaker on 30<sup>th</sup> June 2008 (53.7%) than that on 31<sup>st</sup> December 2008 (55.9%) due to the seasonality of certain management charges.

**The operational income** reached at 85.5 million Euros on 30<sup>th</sup> June 2008, benefitting from profits from disposals completed during the first half of 2008, reaching 52.4 million Euros compared to 101 million Euros on 30<sup>th</sup> June 2007. The committed volume of disposals is in the region of 3 239 additional homes or an average disposal price of around 950 Euros per m<sup>2</sup> and will be accounted for in the financial statements of the last two quarters.

These disposals are the result of an intensive policy of asset arbitrage with 107 homes sold individually (for an average sales price of 1 980 Euros/ m<sup>2</sup> in the Ile de France region) and 1,021 homes sold in block (Villejuif: 605 homes and Poissy: 416 homes). The criteria for selecting homes to be sold off include the commercial attractiveness, the operating margin, the constructability and the income level of the residents.

The block disposals completed as at the end of Q2 2008 entirely concern housing rented under conventional leases whereby the rents are subject to regulated ceilings. The table below presents the future expiry dates for the conventional leases.

Timetable for lease expiry:

Year	No. of leases in common law (*)	No. of conventional leases (**)
2007		1 807
2008	4 561	3 672
2009	2 904	1 195
2010	3 333	130
2011	5 712	1
2012 and after	15 759	515
<b>Total</b>	<b>32 269</b>	<b>7 320</b>

(\*) excluding events relating to the possible disposal or change in occupants

(\*\*) End of convention effective on 1st July of the year

Whilst still continuing its arbitrage policy, Icade is currently building with the Housing development division 784 homes (mainly on its existing plots) with the aim to diversify its sites and optimise the available property for a total projected cost of 113 million Euros.

## **1.2 Commercial property investment – Offices**

### **1.2.1 Office blocks in France**

(in Million Euros)	30/06/2008	30/06/2007	Change
Earnings	32.0	19.7	12.3
EBITDA	29.3	19.0	10.3
Operating Income	22.1	18.1	3.0

(in Million Euros)	30/06/2008	31/12/2007
Rental income	32.0	51.3
Rental charges non-invoiced	(0.2)	(0.5)
Building charges	(1.0)	(1.5)
Net rent	30.8	49.3
Rental margin (net rent/ rental income)	96.4%	96.1%

The **earnings** of the office activity in France stood at 32 million Euros on 30<sup>th</sup> June 2008, compared to 19.7 million Euros on 30<sup>th</sup> June 2007, representing a change of 63% of which 8\* is on a like for like basis. The growth can be attributed to several factors:

- 10.8 million Euros of additional rent coming from the acquisition of the Tour Descartes (9.2 million Euros of additional rent from the two thirds acquired on 3<sup>rd</sup> July 2007), and the Esso building in Rueil Malmaison acquired on 23<sup>rd</sup> May 2007 (1.6 million Euros of additional rent).
- The balance, representing 1.6 million Euros, relates to the rent indexation of 0.7 million Euros and the re-leasing of the whole of the Morizet building which had a positive impact of 0.8 million Euros.

The floor space leased represents 140 708 m<sup>2</sup> of offices (compared to 101 717 m<sup>2</sup> on 30<sup>th</sup> June 2007) representing a financial occupancy rate of 99.8% as on the 30<sup>th</sup> June 2008 (compared to 95.4% for 30<sup>th</sup> June 2007).

As on 30<sup>th</sup> June 2008, the average rent reached 424 Euros per square metre.

The **net rents** for the French office property investment activity worked out to 30.8 million Euros on 30<sup>th</sup> June 2008, giving a rental margin rate of 96.4%, which is a slight improvement compared with the same rate on 31<sup>st</sup> December 2007 (96.1%). This growth can be explained mainly by the re-leasing of the entire Morizet building on 1<sup>st</sup> February 2008.

**The operational income** for the French office property investment activity stood at 22.1 million Euros as of 30<sup>th</sup> June 2008. It reached 18.1 million Euros on 30<sup>th</sup> June 2007 taking into consideration the profits of disposals of 3.5 million Euros (due to an additional sum linked to the disposals of 3 assets in December 2006).

The table below shows the figures for maintenance, renovation and development activities undertaken by the French office property investment activities at June 30<sup>th</sup> 2007 and 2008.

Amount (in millions of Euros) exl. Tax	30/06/2008	30/06/2007
Maintenance	0.1	0.1
Renovation – Fixed assets	1.7	1.0
<b>Development – Fixed assets</b>	<b>14.1</b>	<b>142.2</b>

Icade therefore achieved 15.8 million Euros of investments net of disposals during the course of the first 2 quarters 2008:

- 1.3 million Euros of work undertaken on the building in Rueil Malmaison bought in May 2007. The tenant left as agreed in April 2008, the renovation work therefore began in May 2008.
- In June 2008, Icade bought three land plots on the site under development in Villejuif with the aim of building 3 buildings which will be leased to the company LCL as part of the agreement signed at the beginning of 2008. The acquisition costs of these plots amounted to 24.9 million Euros as of 30<sup>th</sup> June 2008.
- 0.4 million Euros which relates to miscellaneous work carried out across the assets
- (10.8) million Euros related to the disposal of unconsolidated shares of the SCS Atrium.

## Clients and Leases

The sales activity was particularly dynamic in the first two quarters 2008.

A lease was signed with the company OMNICOM for the whole of the building in the rue Morizet in Boulogne Billancourt for a rent exclusive of tax and charges of 1.9 million Euros.

This transaction helped to reduce the physical vacancy rate to close to 0% as on 30<sup>th</sup> June 2008.

On the 30<sup>th</sup> April 2008, Icade recorded the depart of the company Esso, sole tenant of the building in the rue des Martinets in Rueil Malmaison. As of 1<sup>st</sup> May, the asset has been re-categorised as a building under development and will undergo a major renovation. No account will therefore be taken of

this building when calculating the different indicators (floor space leased, average rents, financial occupation rates).

Over all its leased fixed assets, Icade has around 10 major tenants producing a total cumulated rental income of 27.3 million Euros in 2008, representing close to 85% of its total rental income.

The table below shows on an annual the number of leases due to expire and the rental amount (as Group quota share) recorded in 2008 for each type of lease.

Year	Number of Leases in question	Rental amounts recorded in 2008 (in millions of Euros)
2008	43	5.1 *
2009	13	15.8 **
2010	9	2.3
2011	4	4.6 ***
2012 and after	10	4.1

(\*) of which 2.3 million Euros for Esso

(\*\*) of which 13.7 million Euros for IBM

(\*\*\*) of which 2.5 million Euros for Deutsche Bank

### 1.2.2. SIICInvest

(in million Euros)	30/06/2008	30/06/2007	Change
Earnings	5.0	1.5	3.5
EBITDA	3.9	0.6	3.3
Operating Income	2.5	0.6	1.9

(in millions of Euros)	30/06/2008	31/12/2007
Rental income	5.0	5.6
Rental charges not invoiced	0.0	0.0
Expenses on buildings	(0.3)	(0.2)
Net rent	4.7	5.4
Rental margin (net rent / rental income)	93.3%	95.7%

Benefiting from the SIIC tax regime (but not subject to the SIIC 4 regime due to it being held by another SIIC) and specialising in owning office building and commercial activity property assets, SIICInvest intends to continue its development by taking part in asset outsourcing operations. SIICInvest is 89.65% by Icade.

SIICInvest had **earnings** of 5 million Euros on 30<sup>th</sup> June 2008 compared with 1.5 million Euros on 30<sup>th</sup> June 2007. This growth is as a result of several factors:

- 3.2 million Euros linked to the merger of SIICInvest with Icade on 30/04/2007 which represents 2 months rent as on the 30<sup>th</sup> June 2007 compared to 6 months rent for the first half of 2008.
- The balance, representing 0.3 million Euros, which corresponds to the rent indexation of 0.1 million Euros and a re-leasing impact of 0.2 million Euros.

The **net rents** stood at 4.7 million Euros on 30<sup>th</sup> June 2008.

The **floor surface** leased on 30<sup>th</sup> June 2008 stood at 107 677 m<sup>2</sup> of offices and commercial premises representing a financial occupancy rate of 95.7%.

SIICInvest contributed 2.5 million Euros to the **Operational profit** on 30<sup>th</sup> June 2008 compared to 0.6 million Euros for the same period in 2007.

SIICInvest's **investments** as at half-year 2008 reached 5.4 million Euros including:

- The acquisition of the shares of the SCI Marignane for 3.8 million Euros
- Work on Strasbourg and Sennecé les Macons for 1.5 million Euros.

### 1.2.3. The Office Leasing activity in Germany

(In million Euros)	30/06/2008	30/06/2007	Change
Earnings	7.5	7.4	0.1
EBITDA	5.6	6.0	(0.4)
Operating income	2.3	2.9	(0.6)

In millions of Euros)	30/06/2008		31/12/2007
Rental income	7.5		14.7
Rental charges not invoiced	(0.1)		(0.3)
Charges on buildings	(0.3)		(0.7)
Net rents	7.1		13.7
Rental margin (net rent/rental income)	94.7%		93.1%

The **earnings** of the office assets in Germany stood at 7.5 million Euros on 30<sup>th</sup> June 2008 compared to 7.4 million Euros on 30<sup>th</sup> June 2007. The growth is mainly due to the following factors:

- The finalisation of new leases for accounting for 0.2 million Euros of rental income during the course of the first two quarters of 2008
- Contract losses amounting to 0.3 million Euros
- The effect of the specific indexation in Germany accounting for 0.2 million Euros

On 30<sup>th</sup> June 2008, the **leased surface areas** totalled 110 416 m<sup>2</sup>, providing a total financial occupancy rate of 83.1% compared with 77.8% on 30<sup>th</sup> June 2007. Icade continues its strategy to fill and to bring value to this asset portfolio.

The sustained sales activities in Berlin and Hamburg added leases totalling nearly 8 700 m<sup>2</sup> for office premises (out of a total of 52 920 m<sup>2</sup>) thus achieving a financial occupancy rate of 83.3% at the end of June 2008. The first half of 2008 brought new lessees such as the industrial vehicle manufacturer Man, the property management company Berliner Häuser, the events organiser Sarah Wiener etc., for a minimum lease term of 5 years.

The impact of these new leases served to partially compensate the restitution of a part of Deutsche Bank's premises and the loss of logistician PSI, both of which were on the listed site of Hohenzollerndamm in Berlin.

The **net rents** on the 30<sup>th</sup> June totalled 7.1 million Euros.

This produced an operational profit of 2.3 million Euros on 30<sup>th</sup> June 2008 compared to 2.9 million Euros on 30<sup>th</sup> June 2007.

Parallel to this sustained activity, the value of the property investment reserves increased with the development of a 18 600 m<sup>2</sup> office block in Munich, which is due for handover at the end of 2010 and had already been 80% pre-leased to Ernst & Young. The planning permission is expected in July and the work should start in August 2008.

The **investment** for the office leasing activity in Germany stood at 7 million Euros at half-year 2008, which mainly represents the acquisition of 4 plots of land with a total area of 2 hectares in Bad Homburg as planned in the initial protocol with Daimler Chrysler (3 million Euros).

### 1.3 Commercial Property Investment - Business Parks

(in millions of Euros)	30/06/2008	30/06/2007	Change
Earnings	39.4	32.4	7.0
EBITDA	32.2	25.3	6.9
Operating income	18.2	12.4	5.8

(in millions of Euros)	30/06/2008	31/12/2007
Rental income	39.4	69.5
Non invoiced rental expenses	(2.2)	(7.2)
Building charges	(2.4)	(1.4)
Net rents	34.8	60.9
<i>Rental margin (net rents / rental income)</i>	88.4%	87.6%

The **Earnings** for the business parks activity stood at 39.4 million Euros on 30<sup>th</sup> June 2008, compared with 32.4 million Euros on 30<sup>th</sup> June 2007, representing a percentage increase of 21.4% of which 5.3% is on a like for like basis.

This growth is the result of several factors:

- 5.2 million Euros in additional rent coming from:
  - The leasing of lot 1 in the Parc du Millénaire to Icade and Oddo (4.6 million Euros) in the last 2 quarters of 2007,
  - The sale of 2 600 m<sup>2</sup> of lot 2 of the Parc du Millénaire to the company Nokia on 1<sup>st</sup> December 2007 (0.4 million Euros),
  - Rental income for sites near to the future metro station 'Proudhon Gardinoux' acquired at the beginning of 2008 (0.2 million Euros).
- The balance, amounting to 1.8 million Euros, representing mainly the indexation impact of 1.5 million Euros.

The floor space represents 407 396 m<sup>2</sup> (compared to 394 686 m<sup>2</sup> on the 30<sup>th</sup> June 2007) with the financial occupancy rate reaching 88.3% on 30<sup>th</sup> June 2008 compared to 93.8% for the same period in 2007. The drop in the rate is mainly as a result of the handover of lot 2 of the parc du Millénaire which occurred at the end of September 2007 and is currently in operation.

On the 30<sup>th</sup> June 2008, the average rent of the office complexes totalled 265 Euros/ m<sup>2</sup>. On the same date the average rent of business premises and warehouses stood at 143 m<sup>2</sup>.

The **net rents** totalled 34.8 million Euros on the 30<sup>th</sup> June 2008.

The following table details the plot sizes, the leasable constructed space and the financial occupancy rate for each of the 7 main business parks.

	Plot size*(in ha)	Constructed leasable space (in m <sup>2</sup> )	Financial occupancy rate (30 June 2008)
Parc Pont des Flandres	5.2	75 220	99.7%
Parc des Portes de Paris (Saint Denis)	16.3	68 223	90.0%
Parc des Portes de Paris (Aubervilliers)	32.5	217 687	95.3%
Quartier du Canal – Business park	6.7	10 827	100.0%
Parc du Mauvin	3.7	21 283	100.0%
Quartier du Canal – Shopping complex (under development)	7.2		
Parc du Millénaire (lots 1 & 2)	7.2	58 407	55.6%
<b>TOTAL</b>	<b>78.8</b>	<b>451 647</b>	<b>88.3%</b>

The **operating profit** of the Business Parks activity totalled 18.2 million Euros on the 30<sup>th</sup> June 2008 compared to 12.4 million Euros on 30<sup>th</sup> June 2007.

The following table details Icade's investment in the maintenance, renovation and development of the assets as of 30<sup>th</sup> June 2008.

Pre-tax amount (in millions of Euros)	30/06/2008	30/06/2007
Maintenance	0.6	0.0
Renovation / fixed assets	9.4	9.6
<b>Development / fixed assets</b>	<b>34.8</b>	<b>35.9</b>

The **investment** activity for the Business Park activity totalled 44.2 million Euros for the first two quarters 2008.

- 25.7 million Euros for acquiring building plots near to the future metro station Proudhon Gardinoux
- 4.2 million Euros for the Parc de Millénaire operations
- 0.7 million Euros for the purchase of the 1st section of plots of the former military stations
- 3.2 million Euros for building 521
- 1.0 million Euros for building 114
- The balance of 9.4 million Euros for the renovation work in the parks

### Clients and leases

11 leases were signed in the first half of 2008 covering 18 070 m<sup>2</sup> (and representing 2.73 million Euros in rent for the full year). The most important sales operations concerned the following buildings:

- the lease of building 520 (6 523 m<sup>2</sup>) to Télécité-Redbus : 0.7 million Euros per year
- the lease of building 210 (4 117 m<sup>2</sup>) to Visual TV: 0.6 million Euros per year
- the lease of 2 607 m<sup>2</sup> on the 1<sup>st</sup> floor of Millénaire 2 to Nokia France : 0.8 million Euros per year

18 leases expired or were terminated. They represent a gross rental loss of 2 million Euros for a full rental year.

The main business parks customers have very varied activities, guaranteeing a healthy spread for the rental risk: audiovisual (Euromédia Group, AMP), e-business (Interxion, Télécité-Redbus), fashion and retail (Afflelou, Kookai), Leisure (Club Med and Pierre et Vacances), Industry et research (Rhodia), public sector (Ministère de la Justice), others (Oddo Finance, Publicis Events).

Furthermore, Icade takes care to maintain a balance within its parks between office space, business premises and warehouses.

The leases agreed by the Business Parks activity have, since 2003 included an annual rent indexation based on the percentage rate change in construction costs as published by INSEE.

## 1.4 Commercial Property Investments– Healthcare and Public Amenities

(in millions of Euros)	30/06/2008	30/06/2007	change
Earnings	11.0	6.4	4.6
EBITDA	8.9	5.0	3.9
<b>Operating Income</b>	<b>7.0</b>	<b>5.0</b>	<b>2.0</b>

(in millions of Euros)	30/06/2008	31/12/2007
Rental Income	10.9	16.0
Rental expenses not invoiced	0.0	0.0
Building expenses	(0.3)	(0.6)
Net rents	10.6	15.4
<b>Rental margin ( net rents / rental income)</b>	<b>97.4%</b>	<b>96.3%</b>

The **earnings** for the healthcare and public amenities activity totalled 11 million Euros on 30<sup>th</sup> June 2008 compared with 6.4 million Euros for the 30<sup>th</sup> June 2007: this concerns, in the main income from the Levallois Perret building leased to the Interior Ministry for 6.1 million Euros, income from the Harpin and Vedici clinics totalling 4.4 million Euros. The balance concerns the service provision for the financial period (Civil law property company (SCI) management mandates, fees for financial assistance or financial advice on Public Private Partnership (PPP) files).

In total 171 650 of floor space was leased as at 30<sup>th</sup> June 2008. The financial occupancy rate is close to 100%.

The **net rents** for the amenities activity total 10.6 million Euros. It is worth noting that the majority of the leases are very favourable for this activity, since the lessee is contractually obliged to take on all the charges and the expenses for maintenance and renovation (net triple rent).

**Operating Income** for the Amenities activity reached 7 million Euros on 30<sup>th</sup> June 2008, compared with 5 million Euros on 30<sup>th</sup> June 2007.

The investments for the Amenities activity at half-year 2008 totalled 127 million Euros:

- 63.8 million Euros for the Nantes polyclinic (32 506 m<sup>2</sup>) acquired from the Vedici Group in May 2008.
- 9.3 million Euros for the Roz Arvor convalescence centre (4 124m<sup>2</sup>) acquired from the Vedici Group in May 2008.
- 18.9 million Euros for the clinic Saint Charles in la Roche sur Yon (20 065 m<sup>2</sup>) acquired from the 3H Group in May 2008.
- 16.7 million Euros for the Maine polyclinic in Laval (10 261 m<sup>2</sup>) acquired from the 3H Group in June 2008.
- 1.8 million Euros for the convalescence centre 'des Essarts' (1 916 m<sup>2</sup>) acquired from the 3H Group in June 2008.
- 1.2 million Euros for a building plot and building rights for 31 000 m<sup>2</sup> in Olivet.
- 14.9 million Euros for investments linked to PPP activities.
- The balance of 0.4 million Euros, was spent on building work on the assets.

These new acquisitions are part of Icade's **investment** strategy in the health sector (to build an attractive portfolio in terms of net return with several tenants to spread the rental risk satisfactorily) and complete its presence nationwide with the conclusion of the deal with Générale de Santé in July 2008. Its portfolio now stands at 2 767 beds for around 222 000m<sup>2</sup> of space.

### **1.5 Commercial Property Investments– Shops and Shopping Centres activity**

(In millions of Euros)	30/06/2008	30/06/2007	Change
Income	4.0	N/A	N/A
EBITDA	3.7	N/A	N/A
<b>Operating Income</b>	<b>1.7</b>	<b>N/A</b>	<b>N/A</b>

(en millions d'euros)	30/06/2008	31/12/2007
Rental income	4.0	N/A
Rental expenses not invoiced	0	N/A
Building charges	(0.2)	N/A
Net rents	3.8	N/A
<b>Rental margin ( net rents / rental income)</b>	<b>94.4%</b>	<b>N/A</b>

The **earnings** for the Shops and Shopping Centres activity totalled 4 million Euros on 30<sup>th</sup> June 2008. It covers 36 real estate assets bought on 1<sup>st</sup> January 2008 from the Mr Bricolage group which continues as the operator in part of the agreement signed in 2006.

The leased floor area represents 135 976 m<sup>2</sup> of retail space with an occupancy rate of 100% as at 30<sup>th</sup> June 2008.

Icade finalised 22.4 million Euros in **investments** net of disposals during the first two quarters of 2008:

- 18.2 million Euros in quotas shares of the off-plan operation Odysseum. This is a partnership with the company Klépierre to build a off-plan shopping centre in Montpellier . The off-plan contract was signed in February 2007.
- 2 million Euros in quota shares for the investments in the Aubervilliers Shopping Centre
- 2.2 million Euros for acquisition expenses for the shares of Icade-Bricolage

## 2. Property Development

(In millions d'Euros)	30/06/2008	30/06/2007	Change
<b>INCOME</b>	<b>524.3</b>	<b>393.1</b>	<b>131.2</b>
Housing Development	276.7	257.1	19.6
Business Parks Development	132.1	51.8	80.3
Public and Healthcare Development	104.4	73.5	30.9
Engineering Development	14.1	13.9	0.2
Interior fitting Development	1.0	0.7	0.3
Intra-business development	(3.9)	(4.0)	0.1
<b>EBITDA</b>	<b>36.8</b>	<b>34.3</b>	<b>2.5</b>
Housing Development	15.6	28.6	(13.0)
Business Parks Development	17.3	1.9	15.4
Public and Healthcare Development	4.2	3.6	0.6
Engineering Development	0.5	0.6	(0.1)
Interior fitting Development	(0.9)	(0.4)	(0.5)
Intra-business development	0.0	0.0	0.0
<b>Operating Income</b>	<b>26.1</b>	<b>32.6</b>	<b>(6.5)</b>
Housing Development	7.0	27.8	(20.8)
Business Parks Development	17.2	2.6	14.6
Public and Healthcare Development	3.3	3.2	0.1
Engineering Development	0.3	0.9	(0.6)
Interior fitting Development	(1.6)	(1.9)	0.3
<b>Intra-business development</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

In its Property Development Division, Icade is working both for external investments and for its own internal business operations, setting goals for both market profitability and risk control.

In order to manage the current market situation in the housing development sector, Icade has implemented an alternative strategy by block selling housing units to institutions.

Parallel to this, the property developments divisions of Business Parks and Public and Healthcare are providing a boost to growth which benefits the whole of the Property Development division. Icade know-how has made it one of the market leaders in the development of property operations for local authorities in France, providing it with limited counterparty risk.

Icade's property investment development strategy, combined with various actions it has implemented and its know-how gives largely to its expert management of the Property Development Division.

## 2.1 Housing Development Activities

(In million Euros)	30/06/2008	30/06/2007	Change
Earnings	276.7	257.1	<b>19.6</b>
EBITDA	15.6	28.6	<b>(13.0)</b>
Margin (EBITDA/Income)	5.6%	11.1%	
<b>Operational earnings</b>	<b>7.0</b>	<b>27.8</b>	<b>(20.8)</b>

The Housing development activities produced **earnings** of 276.7 million Euros and an EBITDA of 15.6 million Euros on the 30<sup>th</sup> June 2008. Aside the integration of the Opéra construction project over the last two quarters of 2007, the difference with June 2007 can mainly be explained by a drop in the number of high contributing operations as well as by charges for this period being higher due to a drop in the rate of disposal to 7.2% for the first two quarters in 2008.

The notarised sales for the first half totalled 330.5 million Euros pour 1 845 homes (273.4 million Euros for 1 302 homes on June 2007) to which should be added 11.7 million Euros for 137 plots (16.6 million Euros for 147 plots on 30<sup>th</sup> June 2007). The geographic breakdown of sales is balanced with 50% of sales achieved in the Ile de France region. In order to compensate for the drop in activities for individual home buyers sector, Icade has developed an alternative strategy of block selling to institutional buyers which enabled it to sell 521 housing units in the first half of 2008. As of the 30<sup>th</sup> June 2008, the average sale per m<sup>2</sup> for a home developed by Icade stood at 3 791 Euros.

The housing sales are included in the earnings as and when the building work on the housing units has advanced and the signature of the notarised sales contract for the building plots.

Upstream of the notarised sales, the reservations (the 'promise to sell' being signed, guaranteed via a banked down payment, and the period of reflection being expired) totalled 2 002 homes and 146 plots compared with 2 306 homes and 204 lots for 30<sup>th</sup> June 2007. These sales generated an income of 389.5 million Euros against 501.4 million Euros for those signed in 2007.

On 30<sup>th</sup> June 2008, the annual net drop-out rate (after the legal 7 day period of reflection) on reservations registered 19%. As of the same date, 135 homes were delivered and 31 housing development plots remained unsold accounting for total earnings of 37.5 million Euros.

The backlog (order book) accounts for unrecorded earnings (excluding tax) taking into account the project's progress on housing units and reserved plots. On 30<sup>th</sup> June 2008, this totalled 650 million Euros, if the Opéra construction project is included.

The controlled land portfolio (or land control) corresponds to land under promise of sale, enabling Icade, subject to lifting any conditions precedent, to have some idea of its future business. This portfolio is measured in number of homes and housing developments that Icade could produce if all the conditions precedent were lifted and estimated in terms of potential earnings. On 30<sup>th</sup> June 2008, this represented potential construction of 9 829 homes and 1 275 plots for provisional earnings of 2 267 million Euros and 98 million Euros respectively.

Finally, on behalf of the Housing Investment service, the housing development division built homes in Fresnes, l'Hay-les-roses, Châtenay-Malabry, Massy, Juvisy, St Fargeau for total earnings recorded on 30<sup>th</sup> June 2008 of 11.4 million Euros.

## 2.2 Commercial Property Development

(In Million Euros)	30/06/2008	30/06/2007	Change
<b>Earnings</b>	132.1	51.8	<b>80.3</b>
<b>EBITDA</b>	17.3	1.9	<b>15.4</b>
Margin (EBITDA/Earnings)	13.1%	3.7%	
<b>Operating Income</b>	<b>17.2</b>	<b>2.6</b>	<b>14.6</b>

The **earnings** for the Business Park Development Division totalled 132.1 million Euros on June 30<sup>th</sup> 2008, an increase of 155% compared with 30<sup>th</sup> June 2007 (51.8 million Euros), reflecting the healthy state of the sales activities: this will ensure a high profile for the commercial development division in coming years.

The Villejuif office development (15,250 m<sup>2</sup>) and the Odysseum shopping centre in Montpellier (50,588 m<sup>2</sup>), developed on behalf of Icade's property investment division, made a strong contribution to earnings in the first half of 2008 (67.5 million Euros).

Two development operations were completed and handed over: Montrouge (13 182 m<sup>2</sup>, IVG is the investor) and for the office investment division, the Villejuif office development (15,250 m<sup>2</sup> leased to LCL)

At the end of the first half-year 2008, Icade had a project portfolio in the field of commercial property development of about 634 126 m<sup>2</sup> (of which 23% is for the Property Investment Division) and which breaks down as 167 218 m<sup>2</sup> of projects under development (i.e. earnings still to be perceived in the region of 243.2 million Euros) and 466 908 m<sup>2</sup> of projects in the process of being set up (i.e. earnings still to be perceived in the region of 1 083.4 million Euros). These latter operations consist of projects not yet 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 where 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 projects currently under development are summarised in the table below:

	ICADE Quota share	Total rounded floor area (in m2 Net Floor Area)	Type of development offices, shops, etc...	Location	Operation type	Scheduled handover date
Toulouse AZF	50%	41 416	Offices	Toulouse	CPI	<b>Oct, 08</b>
Odysseum	77%	51 317	Shopping Centre	Montpellier	Off plan sale	<b>2010</b>
Clichy	50%	17 500	Offices	Clichy	Off plan sale	<b>2009</b>
Lyon Pixels	100%	13 385	Offices	Lyon	Off plan sale	<b>Feb, 09</b>
Lyon Thiers	100%	15 833	Offices	Lyon	Off plan sale	<b>Sept, 09</b>
Toulouse Cap Constellation	100%	12 998	Offices	Toulouse	Off plan sale	<b>June 09</b>
Lyon Valeo	100%	14 769	Offices	Lyon	Off plan sale	<b>Nov. 09</b>
<b>Total</b>		<b>167 218</b>				

The projects in the process of being set up with a controlled land and planning application filed or obtained (but not necessarily resolved) are summarised in the following table:

	ICADE Quota share	Total rounded floor area (in m2 Net Floor Area)	Type of development offices, shops, etc...	Location	Operation type	Scheduled handover date
Le Perreux *	100%	11 839	Offices	Le Perreux	Off plan	<b>June 10</b>
Villejuif 1	100%	10 839	Offices	Villejuif	CPI	<b>Jan. 11</b>
Villejuif 3	100%	21 201	Offices	Villejuif	CPI	<b>March 10</b>
Villejuif 4	100%	8 555	Offices	Villejuif	CPI	<b>Oct. 10</b>
Saint Denis *	50%	21 999	Offices	Saint Denis	Off Plan	<b>April 10</b>
Toulouse Colombe Parc	100%	8 600	Offices	Toulouse	Off Plan	<b>Sept. 09</b>
Bordeaux Ravésies *	100%	3 250	Offices	Bordeaux	Off Plan	<b>Nov. 09</b>
<b>Total</b>		<b>86 283</b>				

(\*) Committed white operations

The projects in the process of being set up having obtained land control but without planning permission are summarised in the following table:

	ICADE Quota share	Total rounded floor area (in m2 Net Floor Area)	Type of development offices, shops, etc...	Location	Operation type	Scheduled handover date
Toulouse Zone Nord	50%	40 000	Offices	Toulouse	Off Plan	<b>2011/2013</b>
Pyrénées *	100%	29 840	Offices	Paris	Off Plan /CPI	<b>Feb. 12</b>
Villejuif 6	100%	20 000	Offices	Villejuif	CPI	<b>2011</b>
Capelette *	50%	48 992	centre co	Marseille	Off Plan	<b>Nov. 12</b>
Cachan RN20 *	100%	11 543	Offices	Cachan	Off Plan	<b>Sept 10</b>
Cachan Desmoulins *	100%	8 504	Offices	Cachan	Off Plan	<b>Sept. 10</b>
Claude Bernard	50%	40 000	Offices	Paris	CPI	<b>May 11</b>
Gare de Rungis *	100%	19 300	Offices	Paris	CPI	<b>June 12</b>
Choisy le roi	100%	29 210	Offices	Choisy le roi	CPI	<b>July 15</b>
Nice Meridia T1	50%	28 692	Offices	Nice	CPI	<b>March 10</b>
Nice Meridia T2	50%	16 394	Offices	Nice	CPI	<b>June 11</b>
Nice Meridia T3	50%	18 150	Offices	Nice	CPI	<b>Dec. 12</b>
Marseille Peyssonel	100%	45 105	Offices	Marseille	Off Plan	<b>Sept. 14</b>
Lyon Nexans T1 *	50%	12 882	Offices	Lyon	CPI	<b>Sept. 11</b>
Lyon Nexans T2 *	50%	12 013	Offices	Lyon	CPI	<b>Nov. 10</b>
<b>Total</b>		<b>380 625</b>				

(\*) Committed white operations

On the 30<sup>th</sup> June 2008, 28% of the floor space under development or in set up phase is in white with irreversible commitment (from the feasibility study stage) is limited to 84 million Euros.

The **EBITDA** of the Commercial Property Development Division stood at 17.3 million Euros on 30th June 2008 (representing 13.1% of earnings) against 1.9 million Euros on 30th June 2007 (representing 3.7% of earnings), or a rise of 15.4 million Euros due to the operations delivered in the first half of 2008 as well as the Odysseum development.

After taking the all these factors into account, the **Operating Profit** stood at 17.2 million Euros on 30<sup>th</sup> June 2008 against 2.6 million Euros on 30<sup>th</sup> June 2007.

### **2.3 Healthcare and Public Amenities Property Development Division**

(In millions of Euros)	30/06/2008	30/06/2007	Change
<b>Earnings</b>	104.4	73.5	<b>30.9</b>
<b>EBITDA</b>	4.2	3.6	<b>0.6</b>
Margin (EBITDA/Earnings)	4.0%	4.9%	
<b>Operating Income</b>	<b>3.3</b>	<b>3.2</b>	<b>0.1</b>

The Healthcare and Public property development business is making strong progress. The earnings of Icade as at 30<sup>th</sup> June 2008 rose by 30.9 million Euros for the same period in 2007, totalling 104.4 million Euros, compared to 73.5 Euros on the 30<sup>th</sup> June 2007.

These **earnings** consist on the one hand of property development operations where the 2008 contribution amounts to 88.1 million Euros compared to 54.4 million Euros on the 30<sup>th</sup> June 2007 and on the other hand of project management assistance activities amounted to 16.3 million Euros as of 30<sup>th</sup> June 2008, compared to 19 million Euros for 30<sup>th</sup> June 2007.

This reflects the strategic orientation of this division, turning towards developing complex operations or operations conducted within a Public/Private Partnership (PPP), which limit counterparty risk in this demanding sector.

As at 30<sup>th</sup> June 2008, the principal operations under way were as follows:

Opérations en cours	Total rounded floor area (in m2 Net Floor Area)	Type of development offices, shops, etc...	Operation type	Location	Expected Completion date
Archives du MAE	27 233	Amenities	CPI	La Courneuve	<b>2008</b>
Institut de la Vision	11 426	CHNO *	CPI	Paris	<b>2008</b>
Docks en Seine	16 410	Amenities	CPI	Paris	<b>2008</b>
CH Nancy	30 748	Hospital	CPI	Nancy	<b>2009</b>
CH Pontoise	7 844	Hospital	CPI	Pontoise	<b>2009</b>
<b>CRS Meaux</b>	<b>8 600</b>	<b>Amenities</b>	<b>CPI</b>	<b>Meaux</b>	<b>2008</b>

(\*) National Hospital Centre for Ophthalmology

As at 30<sup>th</sup> June 2008, Icade's portfolio of projects for the Healthcare and Public Amenities business corresponds to 257 903m<sup>2</sup> in progress (of which 208 555 m<sup>2</sup> as part of PPP) and 118 414 m<sup>2</sup> of projects in the process of being set up (of which 12 529 m<sup>2</sup> as part of PPP).

The **EBITDA** of Icade G3A totalled 4.2 million Euros on 30<sup>th</sup> June 2008 compared to 3.6 million Euros as of 30<sup>th</sup> June 2007, representing a growth of 17.4%. The ratio EBITDA/Earnings reached 4% this year compared to 4.9% on 30<sup>th</sup> June 2007. This change in the EBITDA comes from the launch of several development operations which are not yet at their peak. The EBITDA/Earnings ratio, different from that of the other property development businesses, can be explained by the absence of any commercial risk since, right from the start, projects are reserved by customers in the public domain or their equivalent, thus delivering a lower margin.

Five operations (totaling 35 015m<sup>2</sup>) were completed in the first half of 2008: Chatellerault Hospital Centre (5 047m<sup>2</sup>), Retirement Home in Laval (7 005 m<sup>2</sup>) a nursery in Blagnac (973 m<sup>2</sup>), the government research centre (CNR) in Bourg Les Valences (1 990m<sup>2</sup>) and St Martin du Touch (20 000 m<sup>2</sup>).

After recording all these factors, the Operating income on 30th June 2008 totalled 3.3 million Euros (compared to 3.2 million Euros for 30th June 2007).

## **2.4 Engineering Development**

<b>(In millions of Euros)</b>	<b>30/06/2008</b>	<b>30/06/2007</b>	<b>Change</b>
<b>Earnings</b>	14.1	13.9	<b>0.2</b>
<b>EBITDA</b>	0.5	0.6	<b>(0.1)</b>
Margin (EBITDA/Earnings)	3.5%	4.3%	
<b>Operating Income</b>	<b>0.3</b>	<b>0.9</b>	<b>(0.6)</b>

The activity of the Engineering development division has slightly increased over the period. This division is made up of 2 companies: Icade Arcoba and Icade Sethri Setae. The earnings totalled 14.1 million Euros on 30th June 2008 compared with 13.9 million Euros for 30th June 2007.

## **2.5 Planning and Development**

<b>(In millions of Euros)</b>	<b>30/06/2008</b>	<b>30/06/2007</b>	<b>Change</b>
<b>Earnings</b>	1.0	0.7	<b>0.3</b>
<b>EBITDA</b>	(0.9)	(0.4)	<b>(0.5)</b>
Margin (EBITDA/Earnings)	NA	NA	<b>NA</b>
<b>Operating Income</b>	<b>(1.6)</b>	<b>(1.9)</b>	<b>0.3</b>

Planning and Development Division was set up by Icade at the beginning of 2006. The mission of this division is to gain access to new types of property investment and to acquire complex property investment assets with the aim of adding value.

### 3. Services

(In millions of Euros)	30/06/2008	30/06/2007	Change
Earnings	102.7	105.3	(2.6)
Housing	48.2	47.0	1.2
Commercial Property	54.6	59.0	(4.4)
Intra-business services	(0.1)	(0.7)	0.6
EBITDA	6.0	6.7	(0.7)
Housing	4.2	2.3	1.9
Commercial Property	1.8	4.4	(2.6)
Intra-business services	0.0	0.0	0.0
Operating Income	4.4	4.3	0.1
Housing	3.4	0.8	2.6
Commercial Property	1.0	3.5	(2.5)
Intra-business services	0.0	0.0	0.0

#### 3.1 Housing Services activities

(In millions of Euros)	30/06/2008	30/06/2007	Change
Earnings	48.2	47.0	1.2
EBITDA	4.2	2.3	1.9
Margin (EBITDA/Earnings)	8.7%	4.9%	
Operating Income	3.4	0.8	2.6

**Earnings** from housing services improved 2.5% due to the opposing effects of:

- Growth in student halls of residence management activity with a positive change of 3.3 million Euros largely due the coming on line of five new halls of residence including three in France.
- A decrease in earnings from property management of 2.2 million Euros linked in part to the transfer of office management business to Icade Gestion Tertiaire.

The EBITDA, grew by 1.9 million Euros to reach 4.2 million Euros representing 8.7% of earnings. After depreciation, the Operating Income of Housing Services rose to 3.4 million Euros on 30th June 2008 compared to 0.8 million Euros for 30th June 2007.

#### 3.2 Commercial Property Services Activities

(In millions of Euros)	30/06/2008	30/06/2007	Change
Earnings	54.6	59.0	(4.4)
EBITDA	1.8	4.4	(2.6)
Margin (EBITDA/Earnings)	3.3%	7.5%	
Operating Income	1.0	3.5	(2.5)



The Earnings for the Commercial Property Services totalled 54.6 million Euros on 30th June 2008 compared to 59 million Euros on 30th June 2007. This change has been affected by the disposal of the heating activity (Sthal) in 2007 and in part by phasing the non linear Facility Management activity and consulting services.

This produces a drop in the margin (EBITDA/Earnings) which reached 3.3% on 30th June 2008 (compared with 7.5% for 30th June 2007).

Having taken note of all the listed factors, the Operating income reached 1 million Euros on the 30th June 2008 (compared to 3.5 million Euros for 30<sup>th</sup> June 2007).

#### **4. Other activities**

Other activities consist of the Icade Group's so-called head office charges, and by eliminating Icade's intra-group operations.

The earnings for this sector stood at (62.1) million Euros on 30th June 2008 which mainly concerns the elimination of earnings related to intra-group operations.

The property purchased comprised:

- In the commercial sector Off Plan from Business Park Development division: Villejuif 5, Odysseum Shopping Centre in Montpellier. The impact on earnings was (33.2) million Euros in 2008
- In the residential sector Off Plan Sales and CPI from the Housing Development Division: L'Haÿ-les-Roses, Fresnes, Châtenay-Malabry, Massy, Juvisy, St Fargeau. Resulting in (11.4) million Euros impact on earnings for the half-year 2008.
- In the healthcare and public amenities sector CPIs from the Amenities Development Division: Blagnac. With a (1.4) million Euros impact on earnings in 2007.

The Operating income for other activities stood at (14) million Euros on 30th June 2008. This consisted of, on the one hand, margin eliminations on Icade's intra-group operations, i.e. (7.2) million Euros on June 2008, and on the other hand, the negative contribution of Icade's "head office" charges representing (6.7) million Euros.

### **5. Half-year Results 2008**

#### **5.1 Financial Results**

Icade's financial results as at 30th June 2008 stood at (40) million Euros compared to (13.4) million Euros on 30th June 2007. This change can be mainly explained by the rise in financial costs of the gross debt which is:

- Linked mainly to the increase in debt, since the average debt stock has practically doubled (lifting of 800 million Euros of syndicated debt in July 2007 and the drawing on 400 million Euros of additional debt during the second half of 2007).
- Linked marginally to an increase in rates: The Euribor 3 month average for 2008 stands at 4.7% compared with 4.0% in 2007. Icade's hedging policy enabled it to significantly limit the rise in rates of the average cost of debt.

#### **5.2 Tax Burden**

Given Icade's adoption of the SIIC tax regime on 30th November 2007, the tax burden of the first half of 2008 cannot be directly compared with the 2007 financial period or with that of the first half of 2007.

The tax burden for the first half of 2008 totalled (21.8) million Euros and includes 12.3 million Euros of non-recurring costs (cf below).



The tax burden for the first half of 2007, when Icade did not benefit from the SIIC regime, totalled (59.5) million Euros.

The tax burden for the Property Development Division was also affected by the capital gains tax and the exit tax charges following lease take up under the SIIC regime. These non recurring charges totalled 12.3 million Euros and can be analysed as follows:

- The contribution of leases of business park division and the leases held by Icade Bricolage to dedicated companies, having opted for the SIIC regime, added an additional tax burden of 10.1 million Euros, which corresponded the tax on the capital gains tax (19.7 million Euros) less than the differed tax calculated at the common law rate on 31st December 2007 (9.6 million Euros).
- Having chosen the SIIC regime, the company Brau Tapie received an additional tax burden of 2.2 million Euros, related to the exit tax charge (of 4.6 million Euros) less the addition of the differed tax calculated at the common law rate on 31st December 2007 (at 2.4 million Euros).

### **5.3 Group net share of profit**

After taken into consideration the factors listed above, the group net share of profit stood at 91.5 million Euros on 30<sup>th</sup> June 2008, compared with 101 million Euros on 30<sup>th</sup> June 2007. This takes account in particular of the non symmetrical spread of the capital gains from the disposals over the two periods.



## III Net asset value on 30<sup>th</sup> June 2008

On 30th June 2008, Icade's net asset had a replacement value of 5 778.7 million Euros, representing 118.5 Euros per share, fully diluted at 5 386.7 million Euros in liquidated value, or 110.4 per fully diluted share.

### A – VALUATION OF PROPERTY ASSETS

#### 1. Summary of expert valuations on the Icade's assets

The assets of the group work out at 6 808.1 million Euros in value excluding rights, compared 6 231 million Euros at the end of 2007, representing a change of 577.1 million Euros over the first half of 2008 (+9.3%). On a like for like basis, in other words after neutralising investments and disposals for the period, the annual variation on the asset value stood at 249.8 million Euros, representing an increase of 4% compared with 31<sup>st</sup> December 2007. This change translates the solid resistance of Icade's property assets, especially considering the recent volatility in the financial and property markets.

Asset value in M€ excluding rights (1)	30/06/08	31/12/07	Change in (M€)	Change (%)	Change (M€) on like for like basis (2)	Change (%) on like for like basis (2)
Housing Division	2 909.8	2 581.5	+328.3	+12.7%	+312.9	+12.3%
Offices Division	1 776.8	1 748.9	+27.9	+1.6%	-24.7	-1.4%
Business Parks Division	1 488.2	1 503.1	-14.9	-1.0%	-53.7	-3.6%
Amenities, Public & Healthcare	419.8	307.6	+112.1	+36.5%	-1.1	-0.3%
Shopping centre division	213.6	89.9	+123.7	+137.6%	+16.4	+18.2%
Value of property assets	6 808.1	6 231.0	577.1	+9.3%	249.8	+4.0%

(1) According to the companies in the consolidation as at 30 June 2008 (100% consolidation of assets consolidated by the full consolidation method and up to the percentage interest for other consolidated assets).

(2) Net variation in disposals and investments during the period.

As at 31 December 2007, Icade's property assets were valued by expert independent property valuers. The expert property valuation assignment was given to CB Richard Ellis Valuation who were asked to value all the groups assets with the exception of the Housing Investment Division, which was valued by CB Richard Ellis Valuation and the Property Investment Expertise Service, the buildings of the ex-Icade Foncière des Pimonts (Office Investment Division) which were valued by Richard Ellis Valuation and Jones Lang Lasalle, and the assets of Icade Bricolage acquired in 2008, which were exclusively valued by Jones Lang Lasalle.

Following the procedures currently in practice within the group, the total value of the Icade assets were valued as at 30<sup>th</sup> June 2008, with the exception of:

- The buildings under arbitrage, including those under a promise to sell agreement at the closure of the valued accounts on the basis of the contracted sales price: as at 30<sup>th</sup> June 2008, this category of assets relates mainly to the housing sales sold in block or individually by the Housing Investment Division;
- The buildings underlying a financial operation (i.e. capital leasing or rent with the option to buy where Icade acts exceptionally as the leaser) which are maintained at the cost price, or as in this case, the purchase option cited in the contract: the office blocks leased by Icade Public Property Investment Division to the Ministry of the Interior for a 20 year duration with a purchase option (LDA) is the only building which figures in that category on 30<sup>th</sup> June 2008;
- Public buildings and works held via a PPP (Public Private Partnership) which are not valued, since the ownership ultimately returns to the State at the end of the concession. These assets are held at the book value and are not listed elsewhere in the property assets currently published by Icade;

- Buildings acquired on an off plan basis, which are also valued at their cost price up to the handover date, as with the Odysseum Shopping Centre acquired on an off plan basis; this asset is maintained at its disbursement cost price;
- Buildings acquired less than 3 months before the date of the Half-year or Annual Closure which are maintained at the book value.

## 2. Housing Investment

The assets of the Residential Division consist of property assets formerly owned by Icade Patrimoine. The average value of this portfolio, which includes 39.1 million Euros of assets under a promise of sale works out to 2 909.8 million Euros excluding rights at the end of June 2008, compared to 2 581.5 million Euros as at 31st December 2007, representing a variation of +328.3 million Euros (+12.7%).

Value of residential assets in M€	30/06/08	31/12/07	Variation (M€)	Variation (%)	Variation (M€) on like for like basis	Variation (%) on like for like basis
Pôle Foncière Logement	2 909.8	2 581.5	+328.3	+12.7%	+312.9	+12.3%

Asset disposals made by the Housing Property Investment Division the first half of 2008, in blocks and to individual home buyers, totalled 1 128 homes generating a net capital gain of 51.4 million Euros on the basis of the price of 59.4 million Euros, which is higher by 56% compared to the surveyed value of the said assets at end 2007. Investments (off plan acquisitions and capital expenditure on maintenance) accounted for a total of 53.4 million Euros. At comparable structure, after neutralising sales and capital expenditure, the variation in the value of the assets of the Residential Division works out at +312.9 million Euros (+12.3%). This variation can be roughly two thirds explained by the continuing downward revue of rates of return and discount rates used by the surveyors on the basis of the strategic plan given to them and arbitrages carried out in 2007 and again in 2008 which gave a better liquidity to the whole of the portfolio. The balance of the variation in value is linked to the impact of the business plan and the rent revaluation.

### Geographical breakdown for the assets of the Housing Investment Division

Valuation of the residential property assets by geographical sector	Valuation excluding rights	
	M€	%
Paris (75)	79	2.7%
Seine et Marne (77)	7	0.2%
Yvelines (78)	110	3.8%
Essonne (91)	289	10.0%
Hauts-de-Seine (92)	833	28.6%
Seine-Saint Denis (93)	579	19.9%
Val de Marne (94)	615	21.1%
Val d'Oise (95)	391	13.5%
TOTAL Ile de France	2 903	99.8%
Regions	7	0.2%
TOTAL	2 910	100%

The property assets of the Housing Investment Division is made up almost exclusively of assets in the Ile de France region with most of the value coming from Hauts-de-Seine (92), Seine-Saint Denis (93) and Val de Marne (94) departments.

Breakdown by destination of the assets of the Housing Investment Division

Valuation for the property assets by category	Value excluding rights		Average price €/m <sup>2</sup>	Average home cost € / m <sup>2</sup>
	M€	%		
Homes in use	1 878	64.5%	1 293	75 970
Homes in use destined to be sold off in block	697	24.0%	897	52 313
<b>Total homes in use</b>	<b>2 575</b>	<b>88.5%</b>	<b>1 155</b>	<b>67 682</b>
Homes on sale to homebuyers	149	5.1%	1 957	121 971
<b>Total Homes</b>	<b>2 724</b>	<b>93.6%</b>	<b>1 181</b>	<b>69 365</b>
Other ( hostels, retirement homes, commercial, housing under promise to sell as of 30/06/08)	186	6.4%	n/a	n/a
<b>TOTAL</b>	<b>2 910</b>	<b>100%</b>		

As at 30<sup>th</sup> June 2008, the portfolio of homes in use, including homes intended to be sold off in block as per the strategic plan adopted by the Housing Property Investment Division accounted for 88.5% of the value of that division (see table above). The average price per m<sup>2</sup> of these homes is valued at 1 155 Euros according to the values given by the surveyors after using the DCF method. The price of homes intended to be sold to occupants, in other words those for which are considered as such by the Housing Investment Commitment committee who met after a first meeting with the tenants, is estimated at 1 957 Euros per m<sup>2</sup> on average, using the comparison method.

#### Return on assets and reversion potential

Value of property assets	Value including rights	Value excluding rights	Net return rate	Reversion potential	Average price €/m <sup>2</sup>
	en M€ (1)	en M€ (2)	(excl. rights) (3)	(4)	(5)
Paris (75)	79	75	3.4%	44.7%	2 712
Yvelines (78)	98	93	4.5%	26.7%	867
Essonne (91)	260	245	4.5%	39.3%	1 047
Hauts-de-Seine (92)	819	771	3.7%	21.7%	1 548
Seine-Saint Denis (93)	568	534	4.3%	29.8%	980
Val de Marne (94)	579	545	3.8%	34.6%	1 061
Val d'Oise (95)	332	313	4.7%	15.6%	876
<b>TOTAL</b>	<b>2 735</b>	<b>2 575</b>	<b>4.0%</b>	<b>27.8%</b>	<b>1 128</b>
Assets on sale and other assets (6)	351	334	n/a	n/a	n/a
<b>TOTAL</b>	<b>3 086</b>	<b>2 910</b>			

(1) Rights inclusive valuation of housing assets established from the average of surveyed values as at 30<sup>th</sup> June 2008

(2) Rights exclusive valuation of housing assets established from the average of surveyed values as at 30<sup>th</sup> June 2008.

(3) Gross annual rent from assets in use in relation to their surveyed value excluding rights.

(4) Difference between the market rent of non-subsidised occupied floor areas and the gross annual rent from the same floor area (expressed as a percentage of the gross annual rent). The reversion potential as calculated above is established without taking into consideration the schedule of repayments of the leases and is not subject to discounting.

(5) Established in relation to the surveyed value excluding rights.

(6) Primarily includes homes for sale individually, shops, old-age homes and development projects on own land.

Taken at its value excluding rights, the net return of the Housing Investment Portfolio totaled 4% on average as at 30<sup>th</sup> June 2008 and the reversion potential of the homes, calculated by the rent market values work out at +27.8% at the end of June 2008.

### 3. Commercial Property - Offices

This primarily comprises office blocks belonging to the former Icade Foncière des Pimonts as well as all the property assets of SIICInvest and Icade REIT in Germany. After applying the survey methods described in the reference document, the overall value of this portfolio comes out at 1,776.8 million Euros excluding rights as of 30<sup>th</sup> June 2008 compared to 1 748.9 million Euros at end 2006, representing an increase of 27.9 million Euros (+1.6%).

Valeur du patrimoine en M€	30/06/08	31/12/07	Variation (M€)	Variation (%)	Variation (M€) on like for like basis	Variation (%) on like for like basis
Foncière bureaux (hors centre commercial)	1 237.1	1 226.2	+10.9	+0.9%	-24.1	-2.0%
SIICInvest	145.5	136.5	+9.1	+6.7%	-2.5	-1.8%
Icade REIT	394.2	386.3	+8.0	+2.1%	+1.9	+0.5%
Pôle Bureaux	1 776.8	1 748.9	+27.9	+1.6%	-24.7	-1.4%

In the first half of 2008, Icade completed the following acquisitions:

- At the end of June 2008 the acquisition of 3 land plots in Villejuif, maintained at the cost price on 30<sup>th</sup> June 2008, of 29.6 million Euros;
- During the first half of 2008, the acquisition by SIICInvest of a warehouse with floor space of 12 500 m<sup>2</sup> in Marignanne (13) valued at 7.5 million Euros excluding rights on the 30<sup>th</sup> June 2008;
- Under the agreement with Daimler, Icade REIT acquired in April 2008, 4 land plots in Bad Hombourg valued at a total of 4.3 million Euros excluding rights.

By neutralising the impact of these acquisitions on the half-year survey value, the variation in the value of office assets over 2007 comes to -1.4% on a like for like basis. This variation is basically attributable to increase in the rates of return and revaluation used by the surveyors, this rise is nevertheless attenuated by two thirds through rent indexation, renegotiations of leases reaching term as well as the revaluation of the building in the Commercial park of Guipons in Villejuif (alley 5) delivered to the Investment Division by the Commercial Property Development Division at the end of June 2008.

#### Geographical breakdown of the Office assets

Value of the property assets by geographical sector	Valuation excluding rights	
	M€	%
Paris - Quartier Central d'Affaires (QCA)	430	24.2%
Paris (hors QCA)	18	1.0%
Paris - La Défense	554	31.2%
Western Quadrant (Hauts-de-Seine)	213	12.0%
Inner loop (hors Hauts-de-Seine)	84	4.7%
Outer loop	8	0.4%
TOTAL Ile de France	1 307	73.5%
Regional	76	4.3%
International	394	22.2%
<b>TOTAL</b>	<b>1 777</b>	<b>100%</b>

By value, the office property assets are mainly sited in the Ile de France region which represents 73.5% of the portfolio, the buildings in Paris La Defense account for 56.4% of the whole. Internationally, 22.2% of the assets are in Germany and are owned by Icade REIT.

## Rendement des actifs et potentiel de réversion

Valuation of the Property Assets	Valuation including rights In M€ (1)	Valuation including rights In M€€ (2)	Net Rate of Return excluding rights (3)	Reversion Potential (4)	Average price €/m <sup>2</sup> (5)
Paris QCA	454	430	4.9%	+5.7%	11 947
Paris (excluding QCA)	19	18	7.3%	-1.6%	4 592
La Défense	569	554	6.2%	-9.7%	6 222
Western Quadrant	113	107	6.4%	-4.1%	6 575
Outer loop	9	8	8.6%	-3.6%	723
Total IDF	1 164	1 117	5.7%	-1.9%	7 147
Regions	72	68	8.1%	+10.3%	664
International	328	315	6.1%	-4.7%	2 183
TOTAL	1 564	1 500	5.9%	-1.6%	3 718
Investment reserves and development projects (6)	287	277	n/a	n/a	n/a
TOTAL	1 851	1 777			

(1) Rights inclusive valuation of office assets established from the average of surveyed values as at 30<sup>th</sup> June 2008

(2) Rights exclusive valuation of office assets established from the average of surveyed values as at 30<sup>th</sup> June 2008.

(3) Gross annual rent from assets in use in relation to their surveyed value excluding rights.

(4) Difference between the market rent of non-subsidised occupied floor areas and the gross annual rent from the same floor area (expressed as a percentage of the gross annual rent). The reversion potential as calculated above is established without taking into consideration the schedule of repayments of the leases and is not subject to discounting.

(5) Established in relation to the surveyed value excluding rights.

(6) Concerns mainly land plots and development projects in Germany (Arnulfstrasse 61 in Munich, Goldsteinstrasse in Francfort, Mercedesstrasse in Düsseldorf, Hohenzollerndamm and Salzufer in Berlin and Ahrensdorf in Ludwigsfelde), of SIICInvest (Strasbourg Zone Eurofret) as well as the acquisitions of offices in Villejuif (10, avenue de Paris)

The return for the buildings in the Office Division was 5.9% as of 30<sup>th</sup> June 2008 and achieved its full rental value (reversion potential valued at -1.6% after the market rental values estimated by CB Richard Ellis Valuation).

### 4. Commercial Property Investment– Business Parks

The market value of the business park assets was surveyed at 1 488.2 million Euros excluding rights at of 30<sup>th</sup> June 2008 compared to 1 503.1 million Euros on 31<sup>st</sup> December 2007, which represents a drop of -14.9 million Euros (-1%).

Value of the property assets in M€	30/06/08	31/12/07	Variation (M€)	Variation (%)	Variation (M€) on a like for like basis	Variation (%) on a like for like basis
Parc du Pont de Flandres	402.1	425.9	-23.8	-5.6%	-24.1	-5.7%
Parc des Portes de Paris	483.5	509.4	-25.9	-5.1%	-28.9	-5.7%
Parc du Millénaire	330.6	323.5	7.1	+2.2%	+6.3	+2.0%
Parc le Mauvin	38.7	41.4	-2.7	-6.4%	-2.7	-6.4%
Parc Pillier Sud	27.2	27.6	-0.4	-1.6%	-0.5	-1.7%
Parc CFI	136.1	134.2	+1.9	+1.4%	-3.8	-2.8%
Others	70.0	41.1	+28.9	+70.3%	-0.1	-0.2%
Business Parks Division	1 488.2	1 503.1	-14.9	-1.0%	-53.7	-3.6%

During the first half of 2008, Icade completed the acquisition of 3 land plots for a total cost of 28.5 million Euros excluding rights.

On a like for like basis, after neutralising the annual investments, the annual variation of the business park portfolio stood at -3.6%. The change can be explained in main by the rise in the return rate and the valuations taken by the experts on the office sector of the parks.

#### Geographic breakdown of assets

Value of Business parks property assets	Valuation excl. rights	
	M€	%
Paris (75)	733	49.2%
Saint Denis (93)	143	9.7%
Aubervilliers (93)	612	41.1%
TOTAL	1 488	100%

The value of the parks in Seine-Saint Denis (93) accounts for around 50% of the total value of the business park portfolio. The parks within Paris account for the remaining 50% (Parc du Pont de Flandres 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)	Rate of return (excluding rights) (3)	Reversion potential (4)	Average price €/m <sup>2</sup> (5)
Parc du Pont de Flandre	379	359	5.9%	+11.0%	4 769
Parc des Portes de Paris	499	473	7.3%	+17.4%	2 209
Parc Pilier du Sud	28	27	8.0%	+11.7%	1 275
Parc CFI	97	91	7.1%	-3.7%	2 068
Parc du Millénaire	288	282	6.6%	-5.2%	4 836
Parc du Quartier du Canal	16	15	9.3%	+3.5%	1 408
Parc le Mauvin	41	39	7.5%	+7.8%	1 820
TOTAL	1 347	1 286	6.8%	+10.1%	2 890
Property investment reserves and development projects (6)	206	202	n/a	n/a	n/a
TOTAL	1 553	1 488			

(1) Rights inclusive valuation of business park assets established from the average of surveyed values as at 30<sup>th</sup> June 2008

(2) Rights exclusive valuation of business park assets established from the average of surveyed values as at 30<sup>th</sup> June 2008.

(3) Gross annual rent from assets in use in relation to their surveyed value excluding rights.

(4) Difference between the market rent of non-subsidised occupied floor areas and the gross annual rent from the same floor area (expressed as a percentage of the gross annual rent). The reversion potential as calculated above is established without taking into consideration the schedule of repayments of the leases and is not subject to discounting.

(5) Established in relation to the surveyed value excluding rights.

(6) Concerns mainly buildings undergoing renovation (Parc du Pont de Flandre : building E028, Parc des Portes de Paris: buildings E114, E262, E286 et E287, Parc du Quartier du canal: buildings 323 et 324) and the development projects (Parc CFI: building C521, Parc du millénaire buildings 3 & 4 et and land acquired in 2008).

Based on the rents at the end June 2008, the return on the business park assets stood at 6.8%, the reversion potential of the portfolio was estimated at 10.1% according to the rental market values used by CB Richard Ellis Valuation.

## 5. Commercial Property Investment– Shopping Centres

As at 30<sup>th</sup> June 2008, the overall value of the shopping centre assets stood at 213.6 million Euros excluding rights, compared to 89.9 million Euros at the end of 2007, representing a rise of 123.7 million Euros.

After restating the development costs incurred during the year on both shopping centre projects, (Odysseum: 50% completed with a completion date at the beginning of 2010 and Aubervilliers: work starts in July 2008 with the handover beginning 2011) and neutralising the Mr Bricolage investment of its acquisition value, the variation in the value of shopping centres amounts to +16.4 million Euros.

### Geographical breakdown of assets :

Value of Shopping centre property assets	Valuation excl. Rights	
	M€	%

Paris (75)	8	3.6%
Inner loop (excluding Hauts de Seine)	53	24.9%
Total Ile de France	61	28.5%
Regions	153	71.5%
TOTAL	214	100%

### Return on assets

Value of Shopping centres property assets	Value including rights in M€ (1)	Value exc, rights in M€ (2)	Rate of return (excl. rights) (3)	Average price €/m <sup>2</sup> (4)
Paris	8	8	6.0%	3 085
Regions	104	99	7.3%	741
TOTAL	112	107	7.2%	784
Development projects (5)	111	107	n/a	n/a
TOTAL	223	214		

(1) Expert value including rights of shopping centre assets on 30 June 2008.

(2) Expert value excluding rights of shopping centre assets on 30 June 2008

(3) Annual rent net of non recoverable asset charges set at their surveyed value excluding rights

(4) Established according to the surveyed value excluding rights.

(5) Shopping centres of Aubervilliers and Odysseum

The net return of the shopping centre portfolio works out at 7.2% as of 30<sup>th</sup> June 2008.

## 6. The Commercial Property Division – Amenities

The overall value of this portfolio was estimated at 419.8 million Euros excluding rights at the end of June 2008, which represents a rise of 112.1 million Euros.

Value of the property assets in M€	30/06/08	31/12/07	Variation (M€)	Variation (%)	Variation (M€) on a like for like basis	Variation (%) on a like for like basis
Clinics and Health centres	237.0	124.2	+112.8	+90.8%	+0.8	0.7%
Levallois building	175.4	177.1	-1.8	-1.0%	-1.8	-1.0%
Others	7.4	6.3	+1.1	+17.3%	-0.1	0.0%
Amenities	419.8	307.6	+112.1	+36.5%	-1.1	-0.3%

This rise in value can be mainly attributed to the acquisitions completed in the first half of 2008:

- the acquisition of the premises for a clinic and a convalescence centre in Saint Herblain (44) and Nantes (44) from the operating group Vedici; these premises are valued on the 30<sup>th</sup> June 2008 at 74.6 million Euros;
- the acquisition in June 2008 of the buildings for 2 clinics in la Roche sur Yon (85), and Essarts (85) and a convalescence centre in Laval (53) from the operating group 3H; these premises are kept at their cost price as of 30<sup>th</sup> June 2008, i.e. 37.4 million Euros;
- the acquisition of a plot of land by SCI de Larry on 29<sup>th</sup> May 2008, which is also kept at its cost value on 30<sup>th</sup> June 2008, i.e. 1.2 million Euros.

On a like for like basis, the portfolio value went down slightly by 0.3% due to the valuation principles used for the Levallois building which are linked to the purchase option price of the asset at the end of the period, the value of the clinic premises remained stable during the first half of 2008.

### Return on assets

Value of Amenities property assets	Value incl. rights in M€ (1)	Value excl. Rights in M€ (2)	Net rate of return (excl. rights) (3)	Average price €/m <sup>2</sup> (4)
Clinics and other health centres	249	237	7.1%	1 686
Others (5)	183	183	n/a	n/a
TOTAL	432	420		

(1) Expert value including rights of amenities assets on 30 June 2008.

(2) Expert value excluding rights of amenities assets on 30 June 2008

(3) Annual rent net of non recoverable asset charges set at their surveyed value excluding rights

(4) Established according to the surveyed value excluding rights.

(5) Levallois et Périgueux Buildings and land from the SCI du Larry

The net return of the clinic and health centre portfolio worked out at 7.1% on 30<sup>th</sup> June 2008.

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

As for 31st December 2007, Icade's service and development companies were valued by an independent expert for the purposes of calculating the Net Asset Value. The method used by the valuator 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. This valuation approach is then cross-checked against comparable valuation methods.

On this basis, as at 30th June 2008, the estimated value of the service and development companies worked out at 847.2 million Euros against 962.6 million Euros as at 31st December 2007, an decrease over the period of 12%. The value of these companies on 30th June was divided with 80% for the Development companies and 20% for the service companies.

Among the financial parameters used, the expert used an average weighted cost of capital which was up in comparison with the preceding valuation, working out at 8.64% for all service companies and between 9.83% and 12.38% for development companies in order to account for the change in the business environment.

The increase in discount rate used by the expert and the updating of the companies' business plans over the period 2008-2012, due to the recent change in financial markets, basically explains the variation in the value of the service and development companies over the first half of the year.

## ***C – METHODOLOGY FOR CALCULATING NET ASSET VALUE***

The Net Asset Value (NAV) was calculated in terms of replacement value and liquidation value. The replacement value 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 carried out by an independent expert;
- (+/-) The positive or negative effects of converting the 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 value 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 NAV include the net result for the reference period. The NAV is calculated in terms of Group share and per diluted share, after cancelling any self-held shares and taking into account the diluting impact of stock options.

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

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

As at 30<sup>th</sup> June 2008, the Group share of consolidated capital and reserves came to 1 375.4 million Euros including a Group share of net profit of 91.5 million Euros.

### ***2. Unrealised capital gain 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. As at 30<sup>th</sup> June 2008, unrealised capital gains excluding rights and expenses amounted to 3,496.3 million Euros compared to 3 243.3 million Euros at the end of 2007.

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

The service and development companies were valued by an independent expert on 30<sup>th</sup> June 2008. This resulted in an unrealised capital gain of 570.2 million Euros which was taken into account in calculating the NAV as at 30<sup>th</sup> June 2008.

### ***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. Only fixed rate debt is not shown on the balance sheet at its fair value. Converting fixed rate debt to fair value has a positive impact of +1.1 million Euros taken into account in calculating the Net Asset Value.

### ***5. Calculation of unrealized 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 came to 27.9 million Euros as at 30<sup>th</sup> June 2008.

This tax liability applies primarily to the capital lease assets of the Shopping Centre Property Investment Division and the assets of Icade REIT in Germany taxed at 15.8%.

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 28.4 million Euros at the end of June 2008.

## 6. Self-held shares and securities providing access to the capital

The number of fully diluted shares taken into account in calculating the Net Asset Value as of 30<sup>th</sup> June 2008 was 48 784 785, after cancelling self-held shares and taking into account the diluting effect of stock-options. The impact of stock option related dilution, calculated according to the share buy-back method, comes to 8 523 shares.

The Group share of Net Asset Value in terms of replacement value therefore worked out at 5 778.7 million Euros as at 30 June 2008, or 118.5 Euros per share fully diluted compared to 5 709.3 million Euros at the end of 2007, or 116.4 Euros per share.

The Group share of Net Asset Value in terms of its liquidation value works out at 5,386.7 million Euros or 110.4 Euros per fully diluted share compared to 5 316.9 million Euros at the end of 2007 or 108.4 Euros per fully diluted share.

Determination of Group share NAV in liquidation value (in M€)		Actual	
		30/06/2008	31/12/2007
Group share of consolidated capital	(1)	1 375.4	1 419.8
Gross unrealized capital gain on property assets (including rights)	(2)	3 832.0	3 550.7
Unrealised capital gain on development companies	(3)	457.5	585.6
Unrealised capital gain on service companies	(4)	112.7	151.7
Unrealised capital gain on fixed rate debt	(5)	1.1	1.5
<b>Group share of replacement NAV</b>	(6)=(1)+(2)+(3)+(4)+ /(5)	5 778.7	5 709.3
Number of fully diluted shares in millions	n	48.8	49.0
<b>Replacement NAV per share (Group share - fully diluted in €)</b>	(6)/n	118.5 €	116.4 €
Duties and charges for disposal of property assets	(7)	335.7	307.5
Tax liability on unrealized capital gain of property assets (excl. Rights)	(8)	27.9	60.9
Tax liability on unrealized capital gain on securities for development companies	(9)	24.0	21.4
Tax liability on unrealized capital gain on securities for service companies	(10)	4.4	2.6
<b>Group share of liquidation NAV</b>	(11)=(6)-(7)-(8)-(9)- (10)	5 386.7	5 316.9
Number of fully diluted shares in millions	n	48.8	49.0
<b>Liquidated NAV per share (Group share – fully diluted in €)</b>	(12)=(11)/n	110.4 €	108.4 €
Half year increase		+1.8 %	

The unrealised capital gain net of income tax and rights taken into account in the calculation of the NAV covers the capital gains related to the development and services activities reached 14% on 30<sup>th</sup> June 2008, compared to 18% and the end of 2007, showing a limited proportionality and a valuation risk under control for these activities compared to the property investment activity which is putting up robust resistance (+4% on a like for like basis).

## IV – Financial resources

### A – CASH ASSETS

In order to secure the financial needs for Icade's development and acquisition projects, bilateral credit lines were signed with top level French and international banks.

These credits have very satisfactory conditions given the current financial environment.

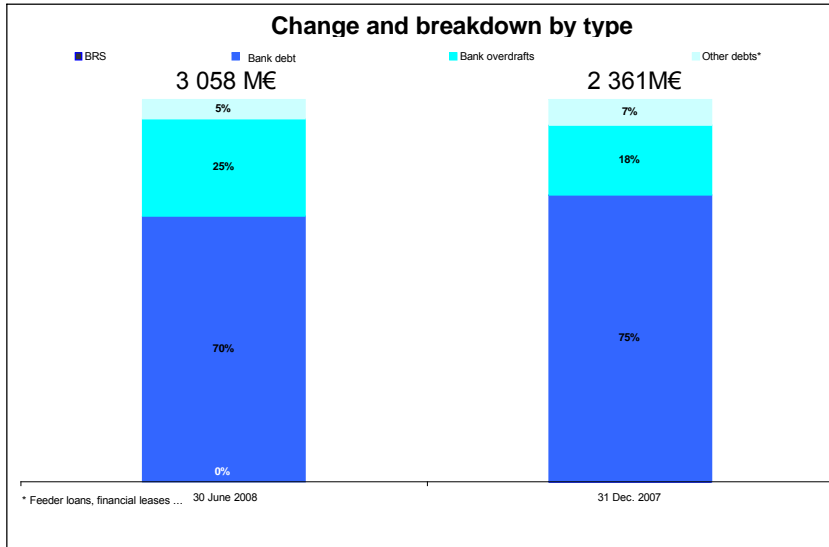
CONTRACTS SIGNED			
	Nominal	Term	Margin on Euribor 3 months
International and French Banks	450 M€	3.8 years	0,55
TERM-SHEET SIGNED			
	Nominal	Term	Margin on Euribor 3 months
International and French Banks	180 M€	6,0 ans	0,67
SUMMARY OF FINANCING HALF-YEAR 2008			
	Nominal	Term	Margin on Euribor 3 months
International and French Banks	630 M€	4,4 ans	0,58

### B – DEBT STRUCTURE ON 30TH JUNE 2008

#### 1. Nature of debt

The gross financial debt of 3 058.3 million Euros as of 30th June 2008 is made up of:

- 2 130.3 million Euros of loans from credit companies;
- 87.5 million Euros of direct financing leases;
- 66.1 million Euros of other debts (feeder loans...);
- 774.1 million Euros of bank overdrafts;
- 0.3 million Euros of Bonds redeemable in shares.

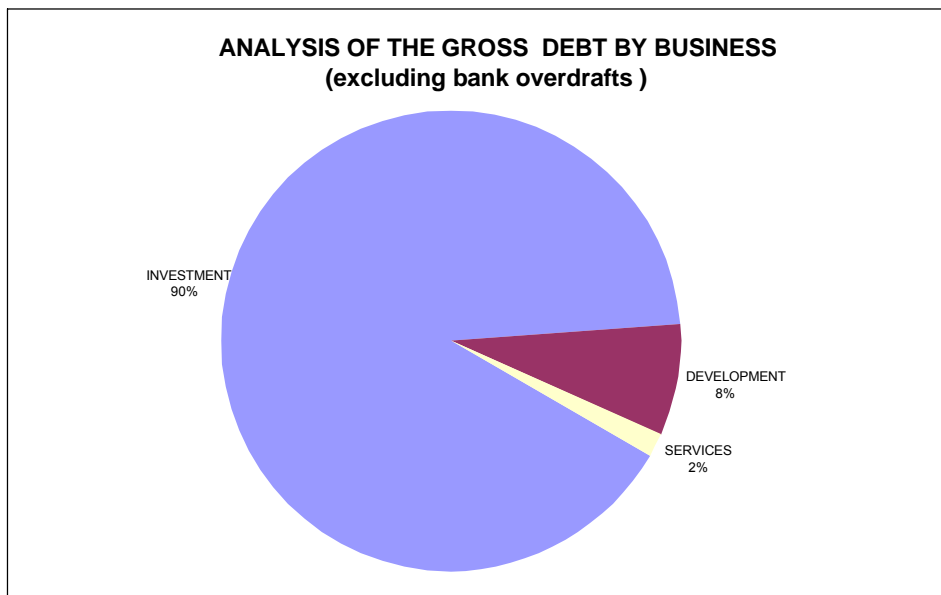


## 2. Debt by Maturity

The average term of Icade's debt (excluding bank overdrafts) is maintained at a satisfactory level and stands at 5.8 years on 30<sup>th</sup> June 2008: the average term for variable rate debt works out at 5.6 years whilst those with associated hedging stand at around 5 years.

## 3. Debt by business category

After applying the intra-group refinancing, 90% of the Group's bank debts are to be found in the investment business and 8% in the development business.



#### **4. Average cost of debt**

Thanks to a policy of actively hedging its rates risk (90% of the debt is hedged as at 30<sup>th</sup> June 2008 compared with 81% on 31<sup>st</sup> December 2007 and by keeping its attractive financing terms (average margin of 0.58% on Euribor 3 months for the first two quarters 2008) and despite the rise in short term rates, Icade achieved an average cost of financing as at 30<sup>th</sup> June 2008 of 4.74% before hedging, and of 4.62% after hedging, which is a rate 0.4% lower than the average Euribor 3 months for the period (Euribor 3 month average at 4.66% for the first two quarters of 2008 against 4.28% in 2007).

### **C – MARKET RISK MANAGEMENT**

The monitoring and management of financial risks are centralised within the Treasury and Debts 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, rates risk management policy problems...

#### **1. Liquidity risk**

Icade has short term back-up lines to the value of nearly 200 million Euros: These back up lines allow, in current conditions, nearly two years of repayment of capital and interest, given the amortisation profile of a part of its debt lines, the repayments are smoothed out, and Icade does not have any major debts to renew before 2014 (the syndicated credit expiry date)

#### **2. Counterparty risk**

Icade works exclusively with top-tier financial institutions 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. Rates risk**

Changes in financial markets can entail a variation in interest rates which might result in increasing 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 before hedging, this represents nearly 90% of its debt as at 30<sup>th</sup> June 2008 (excluding share related debts and bank overdrafts).

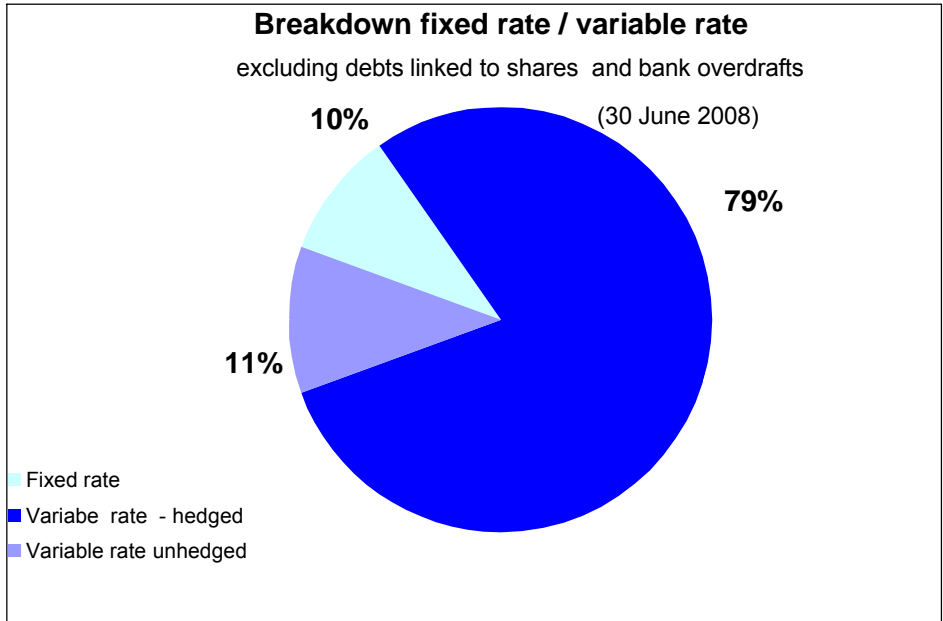
In 2008, Icade continued its prudent debt management policy by maintaining limited exposure to rates risks by setting up appropriate hedging contracts (mainly swaps).

Thus, at the beginning of the year, a first wave of vanilla swaps for 3 and 6 years, to the value of 100 million Euros, were put in place to hedge the balance of the syndicated loan at levels around 3.8%.

In May a new wave of vanilla swaps was set up at around 400 million Euros at levels lower than 4.8% to hedge the new financing raised and also to improve the hedging rate for Icade's variable rate debt.

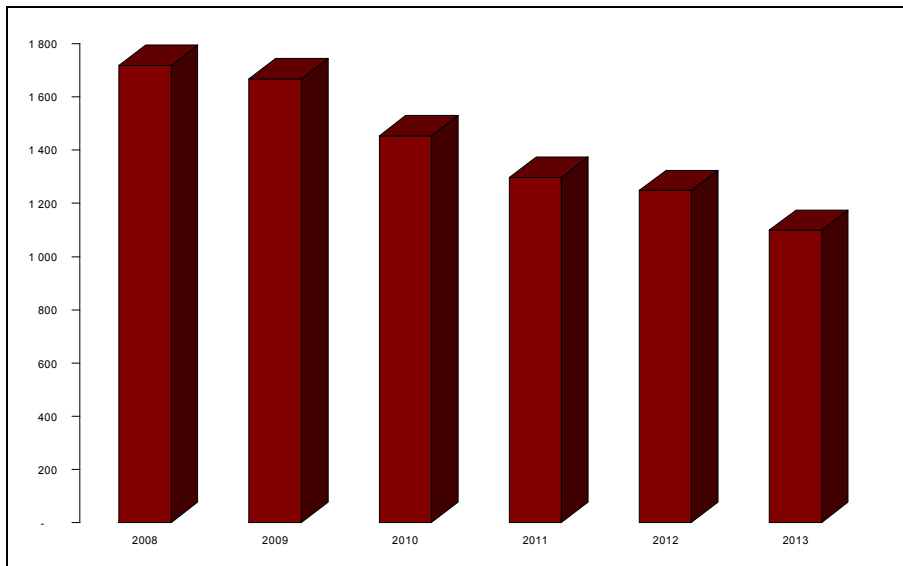
About 90% of variable rate debt is therefore protected against rising interest rates by caps purchases and setting up fixed rate payer swaps.

After adjustment for hedging, the structure of Icade's overall debt (excluding debts related to investment and bank overdrafts) shows a clear preference for fixed rates: the unhedged variable rate debt now only represents 10% of the debt in economic terms (and 18% if one only counts the hedges qualified as treasury cash streams according to the IFRS).



An instant increase of 1% of interest rates on the short term would have a maximum positive impact of 1.6 million Euros on Icade's income statement.

The notional hedging figures for future years are as follows (in millions of Euros)



Given the financial assets after the management of rates, the net position is detailed as follows:

(In millions of Euros)	< 1 year ***	1 to 5 years	> 5 years	30 June 08
Gross financial debt	2 860,0	68,2	130,1	3 058,3
Financial assets *	(858,2)			(858,2)
<b>Net position before management</b>	<b>2 001,8</b>			
Off balance sheet **	(1 784,3)	-	-	(1 784,3)
<b>Net position after management</b>	<b>217,5</b>			
* Excluding equity interest , investments, provisions or securities				
** Notional value of hedging contracts (swap, cap ...)				
*** Including assets and variable rate debt				

Finally, Icade prefers describing its hedging instruments as 'cash flow hedging' according to IFRS standards.

## D- FINANCIAL STRUCTURE

### 1. Financial structure ratio

Given the development and acquisition operations of the first half of 2008, the LTV (Loan To Value) ratio net financial debt/asset value) works out at 31.5% as at 30<sup>th</sup> June 2008 (against 25.3% as at 31<sup>st</sup> December 2007), This figure calculated in a prudent manner takes into account the debt across all the businesses, including the development and services activities calculated purely on the asset value of the property investment.

It 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).

### 2. Interest coverage ratio

The ratio of interest hedging to operating profit (excluding depreciation) works out at 4.54 as at 30<sup>th</sup> June 2008. This ratio is lower than in previous years (8.11 in 2007) in view of the increased debt. Brought down to EBITDA, in other words before capital gains on disposals, and not Operating Profit, this ratio works out at 4.55.

FINANCIAL RATIOS	31-12-2007	30-06-2008
Net financial debt / asset value (LTV)	25.3	31.5
Ratio of interest coverage to operation profit (ICR)	8.11	4.54

### 3 Covenants Monitoring table

	Covenants	30-06-2008
LTV	< 45 %	31.5
ICR	> 2	4.54
CDC holding	50.1 %	61.58 %
Value of property assets	> 3.5 billion Euros	6.8 billion Euros
Surety on assets	< 20 % of property assets	< 2 %
Surety on assets	< 20 % of net debt	< 4 %