PRESS RELEASE

Paris, February 18, 2019, 7:30 a.m.

ICADE: STRONG EARNINGS GROWTH IN 2018

- **2018 revenue**: €1.77 billion, i.e. **+9.4%** (vs. 2017 restated [1])
- **Net current cash flow per share**: €5.15, i.e. **+8.9%**
- **Portfolio value** (Group share): **€11.3** billion[2], i.e. **+4.4%** from December 2017 and **€13.4** billion (full consolidation)
- **EPRA triple net asset value per share** at €89.8, **+5.9%** from December 2017
- **Net profit attributable to the Group**: €154.9 million (+18.8%[3])
- Proposed **dividend per share**: €4.60, i.e. **+7.0%**
- **2019 outlook**:
  - **Stable Group net current cash flow per share**, excluding the impact of 2019 disposals
  - **2019 dividend: c.+4.5%** (*90% of NCCF and, as the case may be, distribution of part of the gains on disposals*)

	12/31/2018	12/31/2017 Restated (1)	Change 2018 vs. 2017 Restated (%)
EPRA earnings from Property Investment (in €m)	**338.9**	**320.8**	**+5.7%**
EPRA earnings from Property Investment per share	4.57	4.34	+5.5%
Net current cash flow from Property Development (in €m)	**44.4**	**25.4**	**+74.7%**
Group net current cash flow (in €m)	**381.7**	**349.9**	**+9.1%**
Group net current cash flow per share	5.15	4.73	+8.9%

	12/31/2018	12/31/2017 Restated (1)	Change 2018 vs. 2017 Restated (%)
EPRA triple net asset value per share	**€89.8**	**€84.8**	**+5.9%**
Average cost of drawn debt	**1.55%**	**1.59%**	**-4 bps**
LTV ratio	**40.0%**	**41.0%**	**-94 bps**
Property Development ROE (a)	**17.4%**	**10.5%**	**+690 bps**

(a) Property Development ROE = Net profit/(loss) attributable to the Group excluding income from the refund of the 3% tax / Average allocated capital (on a proportionate consolidation basis and excluding profit/(loss))

"For the third year in a row, Icade has delivered significantly increased earnings with net current cash flow growing by a solid +8.9% per share and NAV up +5.9% per share, achieving a NAV-based TSR of over 10% for its shareholders. These results demonstrate the relevance of our model as an integrated real estate player and the disciplined execution of our plan.

Our priorities for 2019 include implementing our strategic plan announced last July with significant investments in our office development pipeline, continuing to diversify Icade Santé internationally and launching major development projects for third parties won in 2018. Despite a short-term impact on cash flow, funds will be redirected to higher value-added projects as opportunistic disposals of core office properties continue."

Olivier WIGNIOLLE, CEO

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[1] The 2017 figures have been restated for the application of IFRS 15 "Revenue from contracts with customers"
[2] Portfolio value excluding duties for the Office and Healthcare Investment Divisions on a proportionate consolidation basis
[3] The +18.8% variation was calculated after restatement of the 2017 figures for extraordinary income from the refund relating to the 3% tax paid on dividends. Including this exceptional item, 2017 net profit attributable to the Group stands at €165.5 million.

1. A positive financial year 2018 across Icade's 3 business lines

1.1. Office Investment: continued dynamic, earnings on the rise

Robust leasing activity

Gross rental income from Office Property Investment totalled €402.4 million, a significant increase of +7.2% compared to 2017.

- On a **like-for-like basis**, rental income **went up by 1.7%** thanks to favourable conditions in the office and business park segments, which showed increases of +2.2% and +1.0%, respectively;
- On a **reported basis**, rental income rose by **+10.8%** in the office segment, driven principally by the full-year impact of the 2017 acquisition of ANF Immobilier, and was down -2.0% in the business park segment, due to the disposal of the Paris Nord 2 and Colombes business parks.

The **margin rate** of the Office Property Investment Division stood at **94.2%**, up **1.8 pp** from 2017.

207 leases were signed or renewed for nearly **265,000 sq.m** as leasing activity remained strong:

- **70 leases renewed**, representing an aggregate floor area of 156,230 sq.m and €33.4 million in annualised headline rental income.
- **New leases** totalled a floor area of 108,220 sq.m and €30.2 million in annualised headline rental income. These leases signed with first-class tenants include the following assets:
  - Gambetta building in the 20th district of Paris: 16,000 sq.m, resulting in over 97% of this 20,000-sq.m project being pre-let;
  - Crystal Park in Neuilly: 6,200 sq.m, which will make it possible to eventually reach 100% occupancy;
  - Pont de Flandre: Brabant building, 8,400 sq.m (9-year lease with no break option, 100% pre-let one year before the completion date), and a 4,830-sq.m hotel project (12-year off-plan lease with no break option).

As of December 31, 2018, the **financial occupancy rate** for the Office Property Investment Division was **93.4%**, up **0.9 pp** on a reported basis, and **1.2 pp** on a like-for-like basis. The weighted average unexpired lease term stood at 4.7 years (vs. 4.8 years).

Proactive asset management

Investments carried out in 2018 by the Office Property Investment Division amounted to **€515 million**, including:

- Off-plan acquisitions for a total of €193 million;
- Developments (new builds, extensions, refurbishments) for €219 million;
- Renovation or restoration costs for €103 million.

The year 2018 was also characterised by the ongoing asset rotation achieved through a large volume of disposals representing **€588 million** including:

- Disposal of the Paris Nord 2 and Colombes business parks and the Axe Seine building for a combined amount of €434 million excluding duties;
- Sale of the Open building in Issy-les-Moulineaux for €98.8 million excluding duties.

All these disposals were completed on favourable terms with an aggregate sale price **9% above** appraised value as of December 31, 2017, generating capital gains totalling **€91 million**.

As of December 31, 2018, the Office Property Investment **portfolio**[4] **was worth** €8.7 billion on a proportionate consolidation basis (€8.9 billion on a full consolidation basis), up +2.5% on a reported basis and +2.3% like-for-like (i.e. +€181 million).

- The **value of the office portfolio**, accounting for 76% of the Office Property Investment portfolio as a whole at the end of 2018, expanded by +3% like-for-like to €6.6 billion (+8.4% on a reported basis), mainly driven by the development pipeline and 2018 completions;
- The **value of the business parks portfolio** stood at €1.7 billion, a +1.6% rise on a like-for-like basis.

The **Office Property Investment pipeline** represented 425,000 sq.m and projected investments of **€2.5 billion**[5], a €0.2 billion increase compared to December 31, 2017. Most projects are located in the Greater Paris area, and the related value creation is estimated at €0.7 billion, 60% of which remains to be captured in the NAV. The amount remaining to be invested in this development pipeline is €1.3 billion.

1.2. Healthcare Investment: Increased rental income and diversification underway

Rental income from Healthcare Property Investment reached €241 million, a significant increase of more than 12%, benefiting from the acquisitions completed in 2018. These include a portfolio of 14 nursing homes, and the completion of 3 development projects: the Reims-Bezannes polyclinic (*30,000 sq.m, 12-year off-plan lease with no break option with Courlancy Santé*), the Atlantique medical hub in St Herblain (*16,000 sq.m, 12-year off-plan lease with no break option with Elsan*), and the Croix du Sud private hospital in Quint

4 After the transfer of (i) the Millénaire and Pont de Flandre business parks from the business park segment to the office segment and (ii) the Millénaire shopping centre and Fresnes business park from the business park segment to the "Other" segment.

5 Total investment includes the fair value of the asset, cost of works, lease incentives and finance costs

Fonsegrives (*30,500 sq.m, 12-year off-plan lease with no break option with Capio*). These three completions totalled €7 million in additional rental income for 2018.

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

The **financial occupancy rate** of the portfolio was 100%. The **weighted average unexpired lease term** stood at **7.4 years**.

Investments made in 2018 added up to €311 million, of which €211 million related to acquisitions, including:

- Last July 4, Icade Santé made its **first investment in the nursing home sector** by acquiring a portfolio of 14 facilities for €189 million from the Residalya group (which will remain the tenant and operator of these nursing homes under 12-year leases with no break options). This acquisition marked the start of Icade Santé's strategy of diversifying into long-term facilities;
- The acquisition last July of a PAC facility operated by Ramsay Générale de Santé (€17.7 million) increased the number of assets in the healthcare portfolio to 115 as of December 31, 2018.

In addition to these acquisitions, developments amounted to €48 million, half of which relates to three projects completed in 2018. Finally, €52 million was allocated to extension and refurbishment works.

As of December 31, 2018, **Icade Santé's portfolio was worth** €2.5 billion on a proportionate consolidation basis (**€4.5 billion on a full consolidation basis**), up +3.6% on a like-for-like basis, mainly due to slight capitalisation rate compression.

On a reported basis, the increase was +11.6%, due in particular to acquisitions and the positive impact of the three healthcare facilities completed in 2018.

In addition, in line with its new strategic plan, Icade signed its first **international investment** in October 2018 for **€112 million** to acquire, upon completion of the facilities, seven nursing homes to be built in northern Italy, with an initial yield in line with the market. This investment should start generating rental income in 2020.

In addition, as part of a partnership[6] established in 2017, two construction projects for post-acute care facilities (PAC) in the Paris and Nouvelle-Aquitaine regions were signed by Icade Santé and Korian in 2018. The facilities are scheduled to be up and running by 2021.

As of December 31, 2018, the **development pipeline** of the Healthcare Property Investment Division was equivalent to nearly **€255 million** and €14 million in additional rental income.

1.3. Property Development: significantly improved performance in 2018 (revenue, ROE)

In 2018, **economic revenue** rose by **+7.8%** to €1,251 million. This performance, mainly driven by the residential segment (+11.3%), reflects the significantly faster pace of housing sales (6,346 units in 2018 vs. 5,510 units in 2017, i.e. +15.2%) and construction starts (6,086 units in 2018 vs. 4,692 units in 2017, i.e. +29.7%) in the second half of the year.

The **current economic operating margin**[7] went up by +0.9 pp to **7.0%** (vs. 6.1% in 2017), mainly as a result of the improved profit margins of office projects and effective cost control in the residential segment.

Property Development NCCF increased by a substantial **+74.7%** to €44.4 million.

ROE climbed +690 bps to **17.4%** as of December 31, 2018, mainly thanks to Icade Promotion's improved net profit attributable to the Group[8] (+65.5% year-on-year).

The Property Development **backlog** stood at €1,163 million, a 22.7% drop from December 2017. This variation results from:

- A -8.2% decrease in the Residential Property Development backlog due in particular to lower housing orders;
- A -55.6% decline in the Office, Public and Healthcare Development backlog caused by the progress of construction and numerous completions in 2018.

Lastly, **potential revenue**[9] amounts to €**5.7** billion, representing over 18,000 units for the residential segment and more than 300,000 sq.m for the office segment in the medium term. It includes the **land portfolio** of the Residential Property Development business, estimated at €2.0 billion as of December 31, 2018, up 11%.

6 Under this partnership, Icade Promotion will be in charge of developing an initial set of 15 new facilities (nursing homes and post-acute care facilities) in France. Korian and Icade Santé retain the option to act as investors, on a case-by-case basis.

7 Current economic operating margin = Current economic operating profit/(loss) (IFRS current operating profit/(loss) adjusted for IFRS 11, trademark royalties, and holding company costs) / economic revenue (IFRS revenue adjusted for IFRS 11)

8 The net profit/(loss) attributable to the Group used to calculate 2017 ROE has been adjusted for €7.7 million of income recognised in respect of the refund of the 3% tax on dividends, including penalty interest

9 Revenue excluding taxes on a proportionate consolidation basis including backlog, contracts won, stock of units currently for sale and land portfolio

2. Continued liability optimisation

Continued reduction in cost of debt and LTV ratio under control

- The **average debt**[10] **maturity** remained stable year-on-year at 6.4 years as of December 31, 2018 (vs. 6.5 as of December 31, 2017) and the **average cost of debt** continued its downward slide to 1.55% in 2018 from 1.59% in 2017 and 2.18% in 2016;
- The **LTV ratio** stood at 40.0% as of December 31, 2018 vs. 41.0% as of December 31, 2017, in line with the target level set by Icade.

Against a backdrop of market volatility, Icade continued to **optimise its financial resources** in 2018:

- Issue of a €600 million, 10-year **bond** with an annual coupon of 1.625% on February 19, 2018;
- **Bond tender offer** for three outstanding issues (for an aggregate amount of €200 million with a maturity of less than 3 years);
- **Liability diversification** by raising €200 million for Icade Santé in the form of Corporate financing;
- **Active management** of the interest rate hedging portfolio. As of December 31, 2018, 98% of debt was hedged.

On August 30, 2018, **Standard & Poor's** affirmed Icade's long-term rating of **BBB+, stable outlook and short-term rating of A-2**.

3. Solid 2018 results for the Group

EPRA earnings from Property Investment jumped **5.7%** to €338.9 million, including €230.7 million for **Office Property Investment (+2.6%)** and €108.2 million for **Healthcare Property Investment (+12.8%)**.

The **net current cash flow** of Icade Promotion surged by **74.7%** to €44.4 million.

Group net current cash flow came out at €381.7 million, up **9.1%** due to positive performance across all of Icade's business lines.

EPRA triple net asset value amounted to €6,656 million, i.e. €89.8 per share, a significant improvement of **5.9%**, driven by increased Group net current cash flow, and higher property values in the Office and Healthcare Investment portfolios.

As of December 31, the **value of the whole property portfolio (Group share)** was €**11.3** billion, up **+4.4%** compared to the end of 2017 (**+2.5%** on a like-for-like basis).

- The year 2018 was highlighted by the **ongoing asset rotation** achieved through a large volume of disposals by the Office Property Investment Division, **Icade Santé starting to diversify into a new segment** (nursing homes), and significant investments in the development pipeline;
- On a **full consolidation basis**, Icade's portfolio was worth **€13.4** billion, to be compared with €12.8 billion at the end of 2017.

Net profit attributable to the Group came in at €154.9 million, a +18.8% rise compared to the 2017 figure restated for extraordinary income from the refund relating to the 3% tax paid on dividends (€35 million).

4. 2018 dividend

Icade's Board of Directors will ask the General Meeting to be held on April 24, 2019 to approve a dividend of **€4.60 per share**, **7.0%** higher than the previous year's amount.

The **dividend yield stands at 6.9%** based on the share price as of December 31, 2018, and at 5.1% based on NAV as of December 31, 2018. The payout ratio for 2018 was 89.3%.

The payment of the dividend in two equal instalments, consisting of an interim dividend in March and a balance payment next July, will be proposed at the next General Meeting. From now on, this payment modality will be used each year, in particular to provide shareholders with more regular income streams.

5. 2019 Outlook

Icade's priorities for 2019, in line with the implementation of the 2019–2022 Plan, are as follows:

- Office development pipeline and "opportunistic" disposals of Core offices
- International expansion of Icade Santé
- Icade Promotion: launch of large projects won in 2018
- 2019 CSR priority: low-carbon
- Continued liability optimisation (LTV ratio, maturity)

In 2019, Group net current cash flow per share should be stable excluding the impact of any opportunistic disposals to be completed in 2019 (NB: excluding the impact of major disposals in 2018, 2019 NCCF would have grown by +6%).

2019 dividend policy: in 2019, the dividend should increase by c.+4.5%, in line with NCCF CAGR over the course of the plan. This increased dividend will be achieved through a payout ratio of about 90% and, as the case may be, the distribution of part of the capital gains realised on disposals (in accordance with the dividend distribution requirements imposed by the SIIC regime).

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[10] *Excluding NEU Commercial Paper*

FINANCIAL CALENDAR

Annual General Meeting: April 24.

Q1 financial data: April 25, before the market opens.

Half-year results: July 22, before the market opens.

Q3 financial data: October 17, after the market closes.

The consolidated and separate financial statements as approved by the Board of Directors on February 15 have been audited. The Statutory Auditors' reports (on the consolidated and separate financial statements) will be issued after the Board of Directors meeting to be held to approve the draft resolutions submitted to the General Meeting.

The consolidated financial statements are available for **viewing or downloading on the website** (www.icade.fr), in the section:

In French: http://www.icade.fr/finance/resultats-publications/resultats-comptes

In English: http://www.icade.fr/en/finance/results-and-publications/results-and-accounts

André Martinez, Chairman of the Board, Olivier Wigniolle, CEO, and Victoire Aubry, member of the Executive Committee in charge of Finance, will present the 2018 Full Year Results to analysts on February 18, 2019, at 10:00 a.m.

The presentation will be available on the following website:

In French: http://www.icade.fr/finance/resultats-publications/presentations-financieres

In English: http://www.icade.fr/en/finance/results-and-publications/financial-presentations

Live webcast with synchronised slides will be accessible from 9:30 a.m. (Paris time) on the website, via the following link:

In French: https://edge.media-server.com/m6/go/IcadeFY18

Conference ID: SFAF Icade French: **9681836**

In English: https://edge.media-server.com/m6/go/IcadeFY18/lan/en

Conference ID: SFAF Icade English: **7068704**

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ABOUT ICADE

Building for every future

As an investor and a developer, Icade is an integrated real estate player which designs innovative real estate products and services adapted to new urban lifestyles and habits. By placing corporate social responsibility and innovation at the core of its strategy, Icade is closely involved with stakeholders and users in the cities—local authorities and communities, companies and employees, institutions and associations… As an office and healthcare property investor (portfolio value of €11.3bn as of 12/31/18 on a proportionate consolidation basis) and as a property developer (2018 economic revenues of €1,251m), Icade has been able to reinvent the real estate business and foster the emergence of tomorrow's greener, smarter and more responsible cities. Icade is a significant player in the Greater Paris area and major French cities. Icade is listed on Euronext Paris as a French Listed Real Estate Investment Company (SIIC). Its leading shareholder is the Caisse des dépôts Group.

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

CONTACTS

Anne-Sophie Lanaute
Head of financial communication and investor relations
+33(0)1 41 57 70 29
anne-sophie.lanaute@icade.fr

Charlotte Pajaud-Blanchard
Press relations manager
+33(0)1 41 57 71 19
charlotte.pajaud-blanchard@icade.fr

APPENDICES

December 31, 2018

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1. Consolidated financial statements

1.1. Consolidated income statement

(in millions of euros)	12/31/2018	12/31/2017 Restated (a)
Revenue	**1,771.5**	**1,620.0**
Other income from operations	3.8	4.1
Income from operating activities	**1,775.3**	**1,624.1**
Purchases used	(923.1)	(846.6)
Outside services	(94.2)	(101.2)
Taxes, duties and similar payments	(5.9)	0.8
Staff costs, performance incentive scheme and profit sharing	(134.7)	(123.2)
Other operating expenses	(27.2)	(18.1)
Expenses from operating activities	**(1,185.2)**	**(1,088.3)**
EBITDA	590.1	535.8
Depreciation charges net of government investment grants	(380.4)	(339.5)
Charges and reversals related to impairment of tangible, financial and other current assets	40.1	49.4
Profit/(loss) from acquisitions	(0.5)	(7.0)
Profit/(loss) on asset disposals	90.9	75.4
Share of profit/(loss) of equity-accounted companies	1.1	9.1
OPERATING PROFIT/(LOSS)	341.4	323.2
Cost of gross debt	(104.7)	(89.6)
Net income from cash and cash equivalents, related loans and receivables	6.2	6.0
Cost of net debt	**(98.5)**	**(83.6)**
Other finance income and expenses	(25.0)	(43.2)
FINANCE INCOME/(EXPENSE)	(123.5)	(126.7)
Tax expense	(31.1)	1.5
Profit/(loss) from discontinued operations	(1.4)	0.3
NET PROFIT/(LOSS)	185.4	198.3
Net profit/(loss) attributable to non-controlling interests	30.4	32.8
Net profit/(loss) attributable to the Group	**154.9**	**165.5**
Net profit/(loss) attributable to the Group per share (in €)	**2.09**	**2.24**
Diluted net profit/(loss) attributable to the Group per share (in €)	**2.09**	**2.24**

(a) The 2017 financial statements have been restated for the impact of applying IFRS 15 and for the reclassification of the company value-added contribution (CVAE) to "Tax expense"

1.2. Consolidated balance sheet

ASSETS

(in millions of euros)	**12/31/2018**	**12/31/2017 Restated (a)**
Goodwill	46.1	46.1
Net intangible fixed assets	9.5	8.5
Net tangible fixed assets	16.9	66.1
Net investment property	9,235.7	9,176.2
Equity-accounted investments	139.7	150.1
Financial assets at fair value through profit or loss	23.1	27.4
Financial assets at amortised cost	6.4	5.8
Derivative assets	5.1	10.9
Deferred tax assets	11.6	9.9
NON-CURRENT ASSETS	9,494.0	9,500.9
Inventories and work in progress	479.7	443.4
Contract assets	367.3	226.4
Accounts receivable	353.7	312.1
Tax receivables	4.4	33.1
Miscellaneous receivables	359.2	291.4
Other financial assets at amortised cost	61.9	68.0
Derivative assets	2.4	2.2
Cash and cash equivalents	634.6	420.3
Assets held for sale and discontinued operations	2.0	11.1
CURRENT ASSETS	2,265.1	1,808.1
TOTAL ASSETS	**11,759.2**	**11,309.0**

(a) The 2017 financial statements have been restated for the impact of applying IFRS 15 and presenting information in accordance with IFRS 9

LIABILITIES

(in millions of euros)	**12/31/2018**	**12/31/2017 Restated (a)**
Share capital	113.6	113.0
Share premium	2,712.2	2,690.7
Treasury shares	(37.2)	(16.3)
Revaluation reserves	(8.2)	(1.0)
Other reserves	249.9	401.3
Net profit/(loss) attributable to the Group	154.9	165.5
Equity attributable to the Group	**3,185.2**	**3,353.0**
Non-controlling interests	751.5	774.3
EQUITY	3,936.7	4,127.3
Provisions	29.7	27.9
Financial liabilities at amortised cost	5,238.5	4,907.4
Tax liabilities	6.1	6.8
Deferred tax liabilities	15.5	15.7
Other financial liabilities	65.4	63.2
Derivative liabilities	27.4	17.7
NON-CURRENT LIABILITIES	5,382.6	5,038.9
Provisions	33.4	41.1
Financial liabilities at amortised cost	1,049.3	1,073.7
Tax liabilities	19.4	15.6
Contract liabilities	9.6	13.7
Accounts payable	668.7	498.9
Miscellaneous payables	646.0	488.5
Other financial liabilities	1.4	1.5
Derivative liabilities	2.2	0.8
Liabilities held for sale and discontinued operations	9.8	9.0
CURRENT LIABILITIES	2,439.9	2,142.7
TOTAL LIABILITIES AND EQUITY	**11,759.2**	**11,309.0**

(a) The 2017 financial statements have been restated for the impact of applying IFRS 15 and presenting information in accordance with IFRS 9

2. Group summary

2.1. Highlights of the financial year 2018

Changes in governance: appointment of the following directors:

- Ms Carole Abbey, to replace Ms Marianne Laurent, appointed on a proposal from Caisse des dépôts;
- Ms Sophie Quatrehomme, to replace Mr Franck Silvent, appointed on a proposal from Caisse des dépôts;
- Mr Jean-Marc Morin, to replace Ms Cécile Daubignard, appointed on a proposal from Caisse des dépôts; and
- Mr Guillaume Poitrinal as independent director.

Thus, the composition of the Board of Directors is in accordance with the AFEP-MEDEF Code, with 50% of women and 35.7% of independent directors.

Property Investment Divisions: an active year 2018, particularly with stepped up asset rotation in the office portfolio and the preparation of the strategic plan announced in July.

Office Property Investment

- Merger with ANF Immobilier effective since June 30, 2018: as of December 31, 2018, on a proportionate consolidation basis, 7.7% of Icade's portfolio was located in major French cities other than Paris (Lyon, Bordeaux, Marseille and Toulouse among others);
- End of the refurbishment works for the Millénaire 1 project and completion of the project (23,715 sq.m). The building was leased to BNP Paribas;
- In line with the strategic plan announced last July, Icade signed agreements to sell:
  - The Paris Nord 2 and Colombes business parks, and the Axe Seine building for a total of €434 million excluding duties;
  - Its headquarters building located in Issy-les-Moulineaux (Open building) for a total of €98.8 million excluding duties. Icade will remain the building's sole tenant under a lease that was signed at the same time as the sale;
  - In 2018, disposals were carried out on very favourable terms for Icade with an aggregate selling price +9.0% (€48.8 million) above appraised value as of December 31, 2017.

Healthcare Property Investment

The Healthcare Property Investment Division continues to consolidate its leading position in France through the acquisition of nursing homes and the completion of healthcare facilities resulting from development and extension projects with Icade's healthcare operator partners:

- Acquisitions for a total of €211.5 million, relating primarily to a portfolio of 14 nursing homes acquired in July 2018 for €189 million from the Residalya group, which will remain the tenant and operator of these facilities under new 12-year leases with no break options. Through this transaction, Icade Santé has implemented its strategy to diversify into long-term care facilities. It has also reinforced its position as the leader in healthcare real estate;
- During financial year 2018, the Healthcare Property Investment Division completed three assets from its development pipeline including Reims-Bezannes (30,000 sq.m) which is in the process of obtaining HQE certification, with a lease that started on April 1, 2018 (12-year off-plan lease entered into with Courlancy Santé), and Bromélia in Saint-Herblain (16,000 sq.m) with a 12-year lease with no break option having started in May 2018;
- In addition, in line with its new strategic plan, Icade signed its first international investment in October 2018 for €112 million to acquire, upon completion of the facilities, seven nursing homes to be built in northern Italy, with an initial yield in line with the market.

Also significant for the Healthcare Property Investment Division were two construction projects for post-acute care facilities (PAC) in the Paris and Nouvelle-Aquitaine regions, which were signed by Icade and Korian. These projects emerged from the partnership[11] started with Korian in 2017. These facilities are scheduled to open by 2021: Le Perreux-sur-Marne (Val-de-Marne) and Saintes (Charente-Maritime).

Property Development Division: greatly improved financial results and several large-scale projects won

Terres de Versailles:

- In March 2018, Icade Promotion was awarded the concession to plan and develop the new "Terres de Versailles" neighbourhood, located on the site of the former Pion barracks. This project covers 51,250 sq.m and includes housing units, a hotel, a childcare centre, shops, space dedicated to social economy initiatives, as well as public facilities. The entire project is scheduled to be carried out between 2019 and 2026. In addition to the planning involved, Icade Promotion will carry out 65% of the construction work included in the overall project apart from the public facilities, representing potential revenue of €157 million excluding taxes.

[11] Under this partnership, Icade Promotion will be in charge of developing an initial set of 15 new facilities (nursing homes and post-acute care facilities) in France. Korian and Icade Santé retain the option to act as investors, on a case-by-case basis.

Bercy Charenton:

- In April 2018, Icade, Sogaris and Poste Immo were awarded a contract as part of the "Inventing the Greater Paris Metropolis" call for projects on the site located in the 12^{th} district of Paris. This project encompasses a 50,000-sq.m mixed-use complex including a 15,000-sq.m office building which will be built under a delegated project management agreement by Icade Promotion with the Office Property Investment Division as investor. In addition, Icade Promotion will develop 18,000 sq.m as part of an off-plan sale, including a hotel, a co-living apartment hotel and shops as well as event and sports areas.

The Property Development and Office Property Investment Divisions will work together on this large-scale project scheduled to take place between 2020 and 2023, once again reflecting the synergies that can be achieved between Icade's different divisions. The potential revenue from this project is €42 million excluding duties.

Archipel Wacken international business district in Strasbourg:

- In October 2018, Icade's application was selected following a call for projects launched by the City of Strasbourg and led collaboratively with the Strasbourg Eurometropolis, the Bas-Rhin Departmental Council and the Grand-Est Region, for the construction of a European office development of about 40,000 sq.m in the Archipel Wacken international business district in Strasbourg. The Osmose project presented by Icade provides for the development of a major European business district in the immediate vicinity of the European Parliament, with the objective of making it the most important office district in Strasbourg. The scheme is scheduled for completion by the end of 2020.

Paris Rive Gauche development zone:

- On December 7, 2018, the City of Paris, the city council of the 13^{th} district, SEMAPA and the University of Chicago chose the project led by Icade and designed by the Franco-American architects Studio Gang and Parc Architectes (Paris) to build "Best of Both", an ambitious mixed-use project representing nearly 9,500-sq.m.

Liabilities: continued restructuring

On February 19, 2018, Icade issued a €600 million, 10-year bond with an annual coupon of 1.625%. These funds were raised with a 65-bp spread over the reference rate, an improvement of 15 bps compared to the previous 10-year bond issue in September 2017 and the historically lowest level for Icade, demonstrating the increased attractiveness of Icade's credit quality.
In line with this issue, Icade successfully completed the bond tender offer on February 26, 2018 for three outstanding issues (for an aggregate amount of €200 million with maturity of less than 3 years), continuing to pursue its active policy of optimising its funding structure.
During the financial year, Icade continued to pursue its goal of diversifying its liabilities by raising €200 million for Icade Santé in the form of Corporate financing.
On August 30, 2018, Standard & Poor's affirmed Icade's long-term rating of BBB+, stable outlook and short-term rating of A-2. This rating comes after the agency's annual review.

2.2. Income and cash flow statements

2.2.1. Summary IFRS consolidated income statement

The 2017 figures ("12/31/2017 Restated") presented hereafter have been restated for the impact of applying IFRS 15 "Revenue from contracts with customers", and for the reclassification of the company value-added contribution (CVAE) to "Tax expense".

KEY FIGURES AS OF DECEMBER 31, 2018

	12/31/2018	12/31/2017 Restated	12/31/2017 Reported	Change 2018 vs. 2017 Restated (%)	Change 2018 vs. 2017 (%)
EPRA earnings from Property Investment (in €m)	**338.9**	**320.8**	**319.1**	**+5.7%**	**+6.2%**
EPRA earnings from Property Investment per share	4.57	4.34	4.31	+5.5%	+6.0%
Net current cash flow from Property Investment (in €m)	**347.1**	**329.1**	**327.4**	**+5.5%**	**+6.0%**
Net current cash flow from Property Investment per share	4.68	4.45	4.43	+5.3%	+5.8%
Net current cash flow from Property Development (in €m)	**44.4**	**25.4**	**30.4**	**+74.7%**	**+46.2%**
Net current cash flow from Property Development per share	0.60	0.34	0.41	+74.4%	+45.9%
Other (in €m)	**(9.9)**	**(4.6)**	**(4.6)**	**+114.5%**	**+114.5%**
Group net current cash flow (in €m)	**381.7**	**349.9**	**353.2**	**+9.1%**	**+8.1%**
Group net current cash flow per share	5.15	4.73	4.77	+8.9%	+7.9%
Net profit/(loss) attributable to the Group (in €m)	**154.9**	**165.5**	**170.3**	**-6.4%**	**-9.0%**

	12/31/2018	12/31/2017 Restated	Change (%)
EPRA triple net asset value per share	**€89.8**	**€84.8**	**+5.9%**
Average cost of drawn debt	**1.55%**	**1.59%**	**-4 bps**
LTV ratio	**40.0%**	**41.0%**	**-94 bps**
Property Development ROE [(a)]	**17.4%**	**10.5%**	**+690 bps**

(a) Property Development ROE = Net profit/(loss) attributable to the Group excluding income from the refund of the 3% tax / Average allocated capital (on a proportionate consolidation basis and excluding profit/(loss))

In 2018, IFRS net profit/(loss) attributable to the Group stood at €154.9 million, down by only -€10.6 million compared to 2017. Adjusted for the exceptional payment in 2017 of the 3% tax on dividends paid, NPAG grew by +€24.5 million (+18.8%).

This change can be explained by the combination of the following elements:

- A significant improvement in operating activities across the three business lines;
- Rising income from asset disposals;
- Rising depreciation charges (full-year impact of the merger with ANF Immobilier);
- Higher cost of net debt (volume effect);
- Lastly, it should be noted that financial year 2017 was positively impacted by accrued extraordinary income for the refund by the tax authorities of a 3% tax paid on dividends (€35.0 million).

The following presentation of the income statement, with a breakdown between current and non-current items, makes it possible to identify the amount resulting from current items (Group net current cash flow) as of December 31, 2018 and the other non-current items.

	12/31/2018			12/31/2017 Restated			
(in millions of euros)	Current	Non-current	Total	Current	Non-current	Total	Change
REVENUE	1,771.5		1,771.5	1,620.0		1,620.0	9.4%
EBITDA	594.8	(4.7)	590.1	537.4	(1.6)	535.8	10.1%
OPERATING PROFIT/(LOSS)	611.4	(270.0)	341.4	553.8	(230.6)	323.2	5.6%
FINANCE INCOME/(EXPENSE)	(107.3)	(16.2)	(123.5)	(92.7)	(34.0)	(126.7)	2.5%
NET PROFIT/(LOSS)	471.2	(285.8)	185.4	427.5	(229.2)	198.3	(6.5%)
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	381.7	(226.7)	154.9	349.9	(184.4)	165.5	(6.4%)
Average number of diluted shares outstanding used in the calculation			74,114,657			73,971,634	
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP (in euros per share after dilution)	**5.15**	**(3.06)**	**2.09**	**4.73**	**(2.49)**	**2.24**	

2.2.2. Group net current cash flow

Group net current cash flow reflects the operating and financial performance of the Office Property Investment, Healthcare Property Investment and Property Development Divisions. The dividend policy is based on this indicator. It primarily comprises the following two items:

- "EPRA earnings from Property Investment" which represents the income from Office Property Investment and Healthcare Property Investment activities in accordance with EPRA recommendations (European Public Real Estate Association); and
- "Net current cash flow from Property Development" which measures the cash flow from Property Development activities.

Group net current cash flow increased by as much as 9.1% to €381.7 million (€5.15 per share) as of December 31, 2018, from €349.9 million as of December 31, 2017 (€4.73 per share).

(in millions of euros)	12/31/2018	12/31/2017 Restated	Change 2018 - 2017
Total Group	381.7	349.9	9.1%
Total Group - in euros per share	**5.15**	**4.73**	**8.9%**

2.2.3. Segment reporting

As of December 31, 2018, segment reporting is divided into four main categories: Office Property Investment, Healthcare Property Investment, Property Development and "Other" operations.

(in millions of euros)	12/31/2018				12/31/2017 Restated				Change 2018 - 2017	
	EPRA earnings from Property Investment	%	NCCF	%	EPRA earnings from Property Investment	%	NCCF	%	EPRA earnings from Property Investment	NCCF
Office Property Investment	230.7	68.1%	238.9	62.6%	224.8	70.1%	233.1	66.6%	2.6%	2.5%
Healthcare Property Investment	108.2	31.9%	108.2	28.4%	96.0	29.9%	96.0	27.4%	12.8%	12.8%
Total Property Investment (a)	338.9	100.0%	347.1	90.9%	320.8	100.0%	329.1	94.0%	5.7%	5.5%
Property Development			44.4	11.6%			25.4	7.3%		74.7%
Other (b)			(9.9)	(2.6%)			(4.6)	(1.3%)		N/A
Total Group			381.7	100.0%			349.9	100.0%		9.1%
Total Group - in euros per share	4.57		5.15		4.34		4.73		5.5%	8.9%

(a) "EPRA earnings" includes the depreciation of operating assets which are excluded from net current cash flow.
(b) "Other" includes "Intersegment transactions and other items", as well as discontinued operations.

The improvement in Group net current cash flow results from the performance of all business activities. The Office Property Investment Division, the Healthcare Property Investment Division and the Property Development Division all posted growing NCCF—2.5%, 12.8% and 74.7%, respectively.

As of December 31, 2018, the contribution to Group net current cash flow of the Office Property Investment Division was 62.6%, that of the Healthcare Property Investment Division was 28.4%, and that of the Property Development Division was 11.6%.

2.3. EPRA reporting as of December 31, 2018

Icade presents below all its performance indicators as defined by the European Public Real Estate Association (EPRA) and as calculated in accordance with its recommendations. They are all leading indicators for the property investment industry.

EPRA earnings from Property Investment include the Office and Healthcare Property Investment segments. The net asset value (NAV) is estimated based on all of the Group's assets (including the value of Property Development companies).

2.3.1. EPRA net asset value as of December 31, 2018

The NAV is an indicator of the Group's value creation. It measures Icade's value, after distribution of dividends, based on two parameters: on the one hand, changes in Icade's equity, and on the other hand, changes in value of asset portfolios, liabilities and Icade Promotion.

On a proportionate consolidation basis, the Icade Group's triple net asset value stood at €6,656.3 million as of December 31, 2018 (€89.8 per share, on a fully diluted basis), a significant improvement of +5.9% compared to December 31, 2017.

(in millions of euros)		12/31/2018	06/30/2018	12/31/2017
Consolidated equity attributable to the Group[a]	(1)	3,185.2	3,076.0	3,336.3
Impact of dilution from securities convertible or exchangeable into Icade shares[b]	(2)	0.3	3.8	0.0
Unrealised capital gains on property assets and property development companies	(3)	3,464.4	3,456.6	3,098.7
Tax on unrealised capital gains	(4)	(12.5)	(18.1)	(16.5)
Revaluation of fixed-rate debt	(5)	18.9	(82.6)	(144.7)
EPRA triple net asset value attributable to the Group	**(6)=(1)+(2)+(3)+(4)+(5)**	**6,656.3**	**6,435.7**	**6,273.8**
in euros per share	**(6)/n**	**89.8**	**86.6**	**84.8**
Year-on-year change		**5.9%**		
Adjustment for tax on unrealised capital gains	(7)	12.5	18.1	16.5
Adjustment for revaluation of fixed-rate debt	(8)	(18.9)	82.6	144.7
Adjustment for revaluation of interest rate hedges	(9)	8.2	0.9	(7.5)
EPRA net asset value attributable to the Group	**(10)=(6)+(7)+(8)+(9)**	**6,658.2**	**6,537.2**	**6,427.5**
in euros per share	**(10)/n**	**89.8**	**88.0**	**86.9**
Year-on-year change		**3.4%**		
Number of fully diluted shares[c]	n	74,109,000	74,291,564	73,978,328

(a) In 2017, net profit/(loss) attributable to the Group includes income of €35.0 million including penalty interest relating to the refund claims submitted to the tax administration with regard to the 3% contribution paid on dividends distributed from 2014 to 2017.
(b) Dilution related to stock options which had the effect of increasing consolidated equity and the number of shares. This increase can be up to the number of shares that can be obtained from the stock options exercisable at the end of the period.
(c) Stood at 74,109,000 as of December 31, 2018, after cancelling treasury shares (-488,116 shares) and the positive impact of dilutive instruments (+61,375 shares).

The change in triple net asset value over the period is detailed in the table below.

EPRA TRIPLE NAV ATTRIBUTABLE TO THE GROUP AS OF 12/31/2017 (in euros per share)	**€84.8**
Dividends paid in H1	€(4.3)
Consolidated profit/(loss) for the year attributable to the Group	+€2.1
Changes in fair value of financial derivatives	€(0.1)
Changes in unrealised capital gains on property assets and Property Development companies	+€4.9
Changes in fair value of fixed-rate debt	+€2.2
Impact of the change in number of diluted shares on NAV per share	€(0.2)
Other	+€0.3
EPRA TRIPLE NAV ATTRIBUTABLE TO THE GROUP AS OF 12/31/2018 (in euros per share)	**€89.8**

The favourable trend in EPRA triple net asset value results mainly from:

- The performance of the different business lines with a significant increase in Group net current cash flow;
- The strong increase in value of the property assets of the Office and Healthcare Property Investment Divisions;

It should also be noted that the change in equity includes the payment of a dividend of €4.30 per share, i.e. 90.1% of 2017 Group net current cash flow (reported).

2.3.2. EPRA earnings from Property Investment

EPRA earnings from Property Investment measure the performance of the recurring (current) operations of the Office Property Investment and Healthcare Property Investment Divisions.

	(in millions of euros)	12/31/2018	12/31/2017 Restated	% change 2018/2017
	NET PROFIT/(LOSS)	185.4	198.3	
	Net profit/(loss) from other activities (a)	36.9	39.3	
(a)	NET PROFIT/(LOSS) FROM PROPERTY INVESTMENT	148.5	159.0	
(i)	Changes in value of investment properties and depreciation charges	(334.6)	(282.6)	
(ii)	Profit/(loss) on asset disposals	90.7	75.1	
(iii)	Profit/(loss) from acquisitions	(1.3)	(7.0)	
(iv)	Tax on profits or losses on disposals and impairment			
(v)	Negative goodwill / goodwill impairment		0.1	
(vi)	Changes in fair value of financial instruments and restructuring of financial liabilities	(16.2)	(34.2)	
(vii)	Acquisition costs on share deals			
(viii)	Tax expense related to EPRA adjustments	0.8	20.5	
(ix)	Adjustment for equity-accounted companies	(15.1)	(7.2)	
(x)	Other non-recurring items	(1.7)	(1.6)	
(xi)	Non-controlling interests (Healthcare Property Investment)	87.1	75.2	
(b)	TOTAL ADJUSTMENTS	(190.3)	(161.7)	
(a-b)	**EPRA EARNINGS FROM PROPERTY INVESTMENT**	**338.9**	**320.8**	**5.7%**
	Average number of diluted shares outstanding used in the calculation	74,114,657	73,971,634	
	EPRA EARNINGS FROM PROPERTY INVESTMENT IN € PER SHARE	**€4.57**	**€4.34**	**5.5%**

(a) Other activities include property development, intersegment transactions and other items, as well as discontinued operations.

EPRA earnings from Property Investment totalled €338.9 million as of December 31, 2018, up by as much as +5.7% year-on-year. This significant increase was driven by strong operational performance in both Office and Healthcare Property Investment.

2.3.3. EPRA yield

The table below presents the adjustments to Icade's net yields that are required to obtain EPRA yields. The calculation includes Icade's three types of assets: offices, business parks and healthcare property assets. It is carried out after adjustment for non-controlling interests in Icade.

	12/31/2018	06/30/2018	12/31/2017
ICADE NET YIELD (a)	**5.9%**	**6.0%**	**6.1%**
Impact of estimated duties and fees	(0.3)%	(0.3)%	(0.3)%
Adjustment for potential rental income from vacant properties	(0.3)%	(0.3)%	(0.3)%
EPRA TOPPED-UP NET INITIAL YIELD (b)	**5.2%**	**5.3%**	**5.4%**
Inclusion of rent-free periods	(0.5)%	(0.4)%	(0.4)%
EPRA NET INITIAL YIELD (c)	**4.8%**	**4.9%**	**4.9%**

(a) Annualised net rental income from leased space plus potential net rental income from vacant space at estimated rental value, excluding lease incentives, divided by the appraised value (excluding duties) of operating properties.
(b) Annualised net rental income from leased space, excluding lease incentives, divided by the appraised value (including duties) of operating properties.

(c) Annualised net rental income from leased space, including lease incentives, divided by the appraised value (including duties) of operating properties.

The compression in EPRA net initial yield, which was down 0.1 pp compared to December 31, 2017, was mainly due to a like-for-like increase in appraised values of €261.9 million (+2.5% for the entire portfolio).

2.3.4. EPRA vacancy rate

The EPRA vacancy rate is defined as the ratio between the estimated rental value of vacant space and the estimated rental value of the whole portfolio. It is calculated based on operating assets as of December 31, 2018, excluding the residential property portfolio and PPPs.

Below are detailed figures concerning the vacancy rate, in accordance with the definition recommended by EPRA, for both Property Investment portfolios, on a proportionate consolidation basis.

(operating assets)	12/31/2018	12/31/2017 Restated (a)
Offices	4.7%	3.9%
Business parks	10.7%	14.3%
OFFICE PROPERTY INVESTMENT DIVISION [(b)]	6.5%	7.7%
HEALTHCARE PROPERTY INVESTMENT DIVISION (on a proportionate consolidation basis)	0.0%	0.0%
TOTAL PROPERTY INVESTMENT [(b)]	4.9%	6.1%

[(a)] *After transfer of (i) the Pont de Flandre and Millénaire business parks to the office segment and (ii) the Millénaire shopping centre and the Fresnes retail and business park to "Other assets"*

[(b)] *Excluding residential properties and PPPs, including "Other assets"*

On a like-for-like basis, the EPRA vacancy rate declined by 1.2 pp in 2018, resulting in particular from strong leasing activity in the Portes de Paris and Rungis business parks and the impact of active asset rotation, disposals of the Paris Nord and Colombes business parks which showed significant vacancy rates, and the acquisition of the fully leased Residalya nursing home portfolio.

2.3.5. EPRA cost ratio for the Property Investment Division

Below are detailed figures concerning the cost ratio for the Office (excluding Residential Property Investment) and Healthcare Property Investment portfolios (after adjustment for non-controlling interests).

		12/31/2018	12/31/2017 Restated
	Including:		
(i)	Structural costs and other overhead costs	(111.8)	(103.8)
(ii)	Service charges net of recharges to tenants	(22.3)	(23.3)
(iii)	Management fees net of actual/estimated profit element		
(iv)	Other recharges intended to cover overhead expenses	42.4	44.3
(v)	Share of overheads and expenses of equity-accounted companies	(3.7)	(3.9)
(vi)	Share of overheads and expenses of non-controlling interests	8.8	6.7
	Excluding:		
(vii)	Depreciation of investment properties	-	-
(viii)	Ground rent costs	(2.2)	(2.2)
(ix)	Other service charge costs recovered through rents but not separately invoiced	(0.2)	(0.2)
(A)	EPRA COSTS (INCLUDING DIRECT VACANCY COSTS)	(84.1)	(77.7)
(x)	Less: direct vacancy costs	(14.9)	(21.0)
(B)	EPRA COSTS (EXCLUDING DIRECT VACANCY COSTS)	(69.3)	(56.6)
(xi)	Gross rental income less ground rent costs	628.1	574.2
(xii)	Other service charge costs recovered through rents but not separately invoiced		
(xiii)	Plus: share of rental income less ground rent costs of equity-accounted companies	8.6	9.6
(xiv)	Share of rental income less ground rent costs of non-controlling interests	(110.7)	(95.2)
(C)	GROSS RENTAL INCOME	526.0	488.6
(A/C)	EPRA COST RATIO - PROPERTY INVESTMENT (INCL. DIRECT VACANCY COSTS)	16.0%	15.9%
(B/C)	EPRA COST RATIO - PROPERTY INVESTMENT (EXCL. DIRECT VACANCY COSTS)	13.2%	11.6%

In 2018, Icade's vacancy costs continued to go down, reaching -€14.9 million vs. -€21.0 million in 2017 (-29.3%).

Nevertheless, the EPRA cost ratio increased between December 31, 2017 and December 31, 2018:

- +0.1 pp including vacancy costs;
- +1.6 pp excluding vacancy costs.

This change is due in particular to:

- The non-recurring costs for studies relating to discontinued projects;
- The non-recurring costs in projects under development;
- An extraordinary tax relief obtained in 2017.

Thus, after adjustment for non-recurring items, the EPRA cost ratio shows a decrease of -0.4 pp compared to December 31, 2017, including vacancy costs. In contrast, it shows an increase of +1.1 pp excluding vacancy costs.

In addition, 2018 was characterised by the integration of ANF's cost structure following the merger of the company at the end of 2017.

2.4. Financial resources

Against a backdrop of market volatility, Icade continued to optimise its financial resources.

In February 2018, the Icade Group issued a 10-year, €600 million euro-denominated bond, with a margin of 65 bps, the historically lowest level for this maturity (i.e. a 1.625% coupon). This new issue was substantially oversubscribed and taken up by both French and international investors, confirming their confidence in the credit quality of Icade.

Over the course of 2018, the Group also carried out a number of major financial transactions:

- Bonds repurchased for a total of €200 million (2019 issues: €33.8 million, 2021: €150.1 million, and 2022: €16.1 million);
- Icade Santé raised new debt facilities, €200 million in Corporate financing over 7 and 8 years, and €31 million in the form of finance leases;
- Active management of Icade's interest rate hedging portfolio through the unwinding of €300 million of fixed rate swaps with a positive termination payment exceeding €7 million and through the purchase of €200 million in long-term forward swaps. Also, new medium- and long-term fixed-rate swaps for a total of €250 million were added to Icade Santé's portfolio of derivatives;

All these transactions allowed the Group to continue to implement an appropriate and optimised funding policy, by lowering the average cost of debt, maintaining its average debt maturity above 6 years and diversifying its funding sources.

As of December 31, 2018, the average cost of debt stood at a historical low of 1.55% (after hedging), with average debt maturity nearly constant at 6.4 years.

At year-end, the loan-to-value (LTV) ratio stood at 40.0%, its target level, after Icade stepped up its strategic plan. The Group normalised its LTV ratio one year ahead of schedule.

The interest coverage ratio (ICR) based on EBITDA remained at a high level of 6.00x.

Icade's balance sheet fundamentals have remained strong.

2.4.1. Cash

In 2018, Icade's financial resources were adapted to meet the Group's needs by renewing existing credit lines and by actively using the outstanding amount of NEU Commercial Paper. The main financing transactions were as follows:

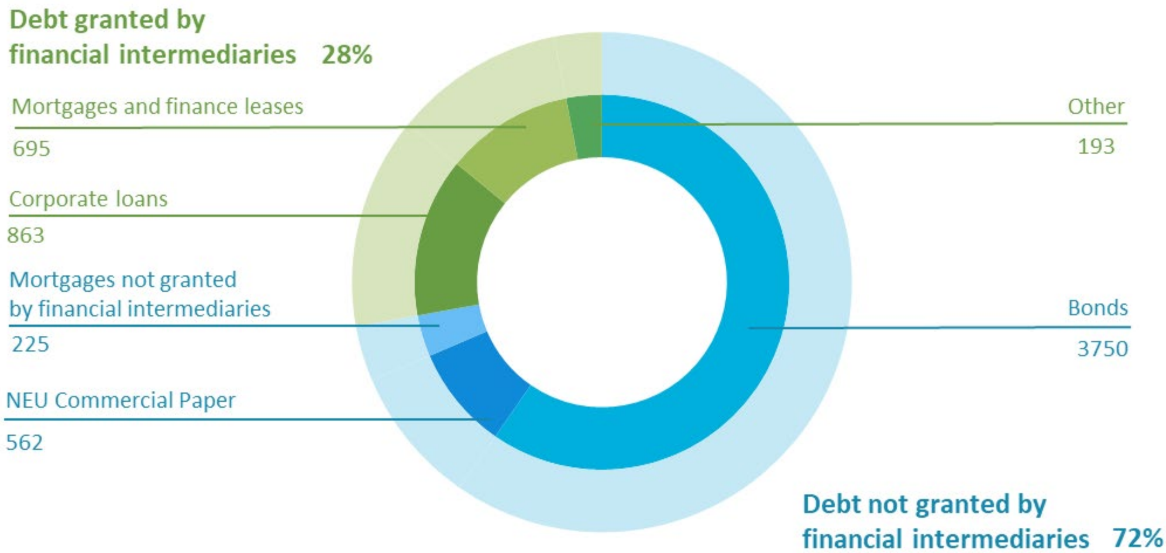
- Cancellation of €355 million in short-term revolving credit lines and new revolving credit lines set up for €355 million with an average debt maturity of 6 years;
- One-year extension of a €150 million revolving credit line;
- Issue of NEU Commercial Paper to reach an outstanding amount of €562.4 million at year-end (€132.6 million decrease between December 31, 2017 and December 31, 2018).

Icade now has fully-available undrawn amounts from short- and long-term credit lines of €1,763 million compared with €1,750 million as of December 31, 2017. These undrawn amounts as of December 31, 2018 cover more than two years and nine months of debt principal and interest payments.

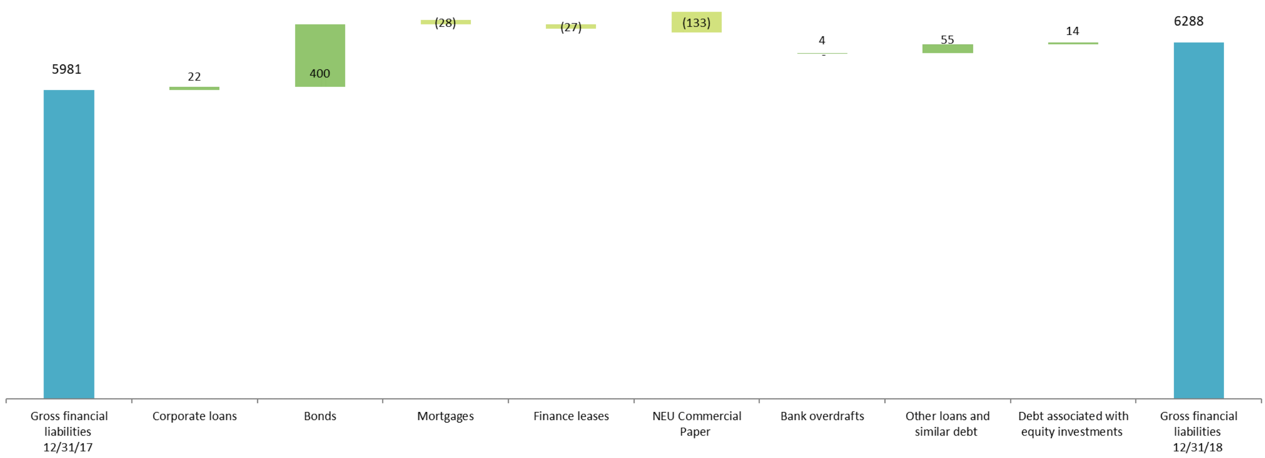
2.4.2. Debt structure as of December 31, 2018

2.4.2.1. Debt by type

As of December 31, 2018, gross financial liabilities stood at €6,287.8 million and broke down as follows:



As of December 31, 2017, gross financial liabilities amounted to €5,981.1 million. The €306.7 million change is explained in the following graph:



Net financial liabilities amounted to €5,592.8 million as of December 31, 2018, representing an increase of €121.8 million compared to December 31, 2017.

This trend is primarily explained by higher medium- and long-term financial liabilities as a result of the bond issue and new bank debt raised.

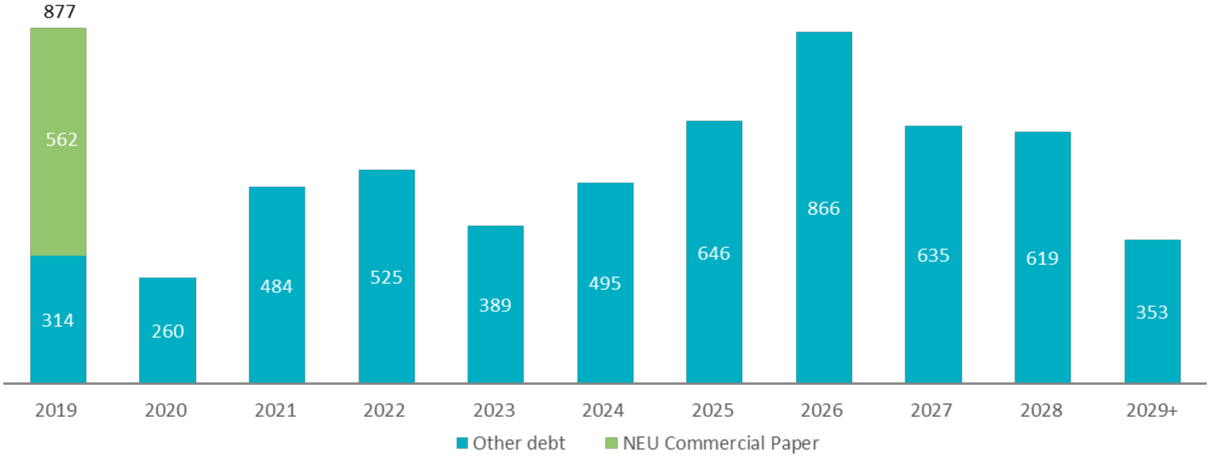
The new debt facilities secured in 2018 have an average credit margin of 72 bps with an average maturity of 9.2 years and represent a total of €831 million (excluding NEU Commercial Paper and revolving credit).

2.4.2.2. Debt by maturity date

The maturity schedule of debt drawn by Icade (excluding overdrafts) as of December 31, 2018 is as follows:

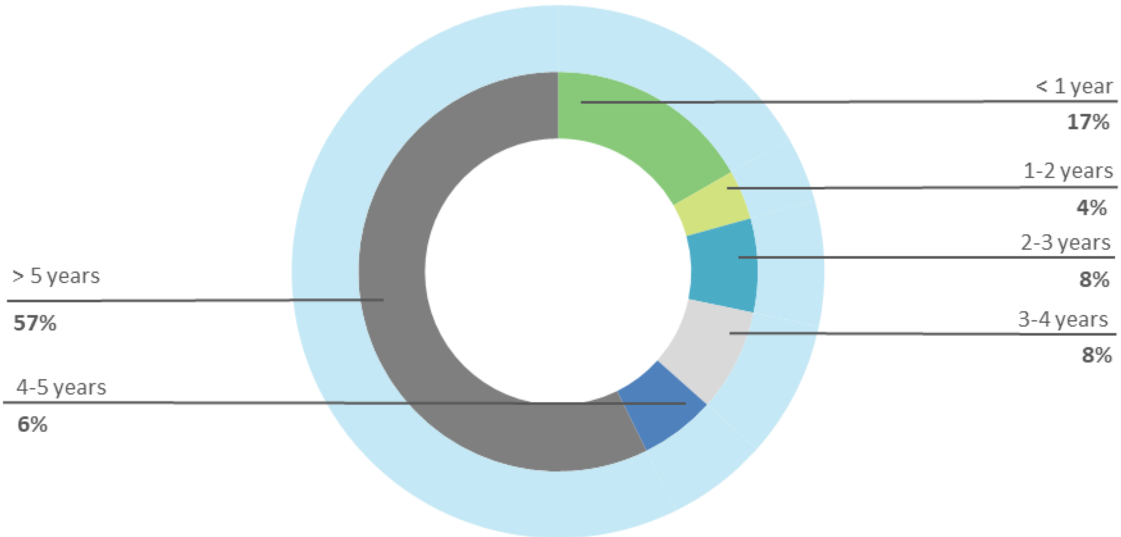
MATURITY SCHEDULE OF DRAWN DEBT

(December 31, 2018, in millions of euros)



BREAKDOWN OF DEBT BY MATURITY

(December 31, 2018)



The average debt maturity was 6.4 years as of December 31, 2018 (excluding NEU Commercial Paper), nearly stable compared to December 31, 2017.

2.4.2.3. Debt by division

After allocation of intra-group financing, almost 97% of the Group's debt is used by the Office and the Healthcare Property Investment Divisions.

2.4.2.4. Average cost of drawn debt

In 2018, the average cost of debt was 1.42% before hedging and 1.55% after hedging, reaching a new historical low, compared with 1.50% and 1.59% in 2017, respectively.

This decrease in the average cost of debt between 2017 and 2018 was achieved through the proactive management of existing debt and interest rate hedges.

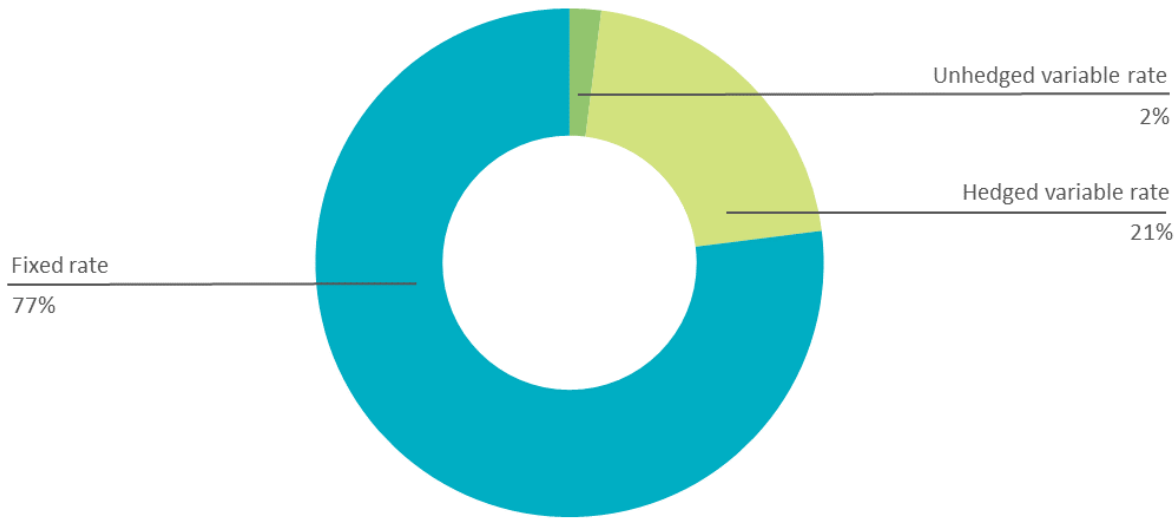
2.4.2.5. Management of interest rate risk exposure

Variable rate debt represented nearly 23% of the Group's total debt as of December 31, 2018 (excluding debt associated with equity interests and bank overdrafts).

In 2018, Icade continued its prudent debt management policy, maintaining limited exposure to interest rate risk while taking advantage of low interest rates, by entering into appropriate hedging contracts covering future financing needs (vanilla swaps). Out of a total of €450 million of new swaps entered into, €200 million are forward-start swaps. As of December 31, 2018, hedged variable rate debt accounted for 21% of total debt while unhedged variable rate debt accounted for 2% of total debt.

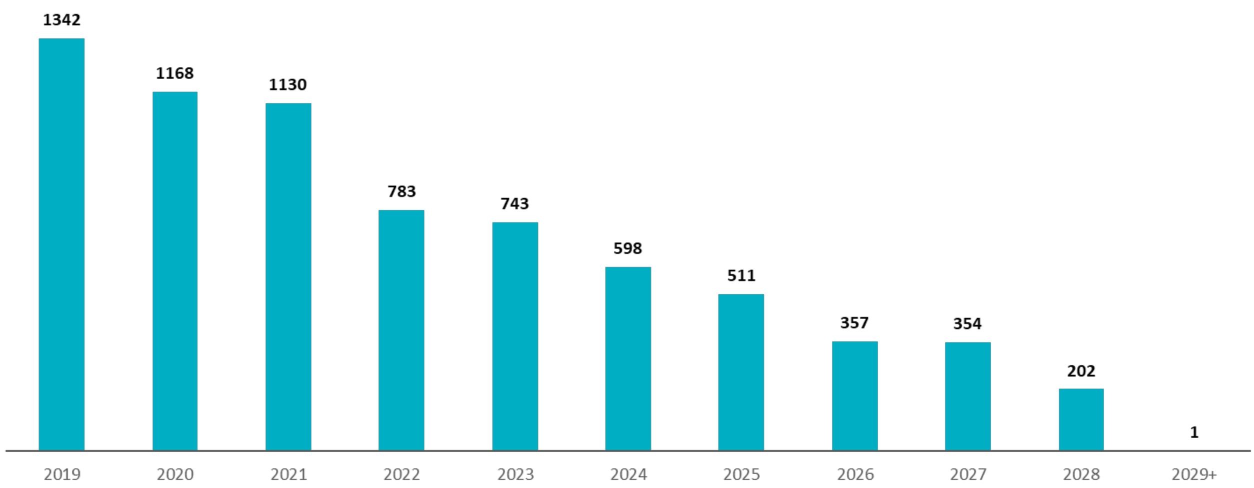
BREAKDOWN OF DEBT BY TYPE OF RATE (EXCLUDING LIABILITIES ASSOCIATED WITH EQUITY INTERESTS AND BANK OVERDRAFTS)

(December 31, 2018)



OUTSTANDING HEDGING POSITIONS

(December 31, 2018, in millions of euros)



Most of the debt (98%) is protected against an increase in interest rates (fixed rate debt or variable rate debt hedged by interest rate swaps or options). The notional amounts of hedging instruments are summarised in the graph above.

The net position is shown in the following table, taking into account unwindings and the new hedges entered into:

	12/31/2018									
	Financial assets (A)		Financial liabilities (B)		Net exposure before hedging (C) = (B) - (A)		Interest rate hedging instruments (D)		Net exposure after hedging (E) = (D) - (C)	
(in millions of euros)	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate (a)	Fixed rate	Variable rate
< 1 year			819.1	230.2	819.1	230.2	-	198.7	(819.1)	(31.5)
1 to 2 years			9.7	244.5	9.7	244.5	-	173.8	(9.7)	(70.7)
2 to 3 years			326.3	152.0	326.3	152.0	-	37.8	(326.3)	(114.2)
3 to 4 years			492.7	27.7	492.7	27.7	-	347.0	(492.7)	319.3
4 to 5 years			309.1	75.3	309.1	75.3	-	40.5	(309.1)	(34.8)
> 5 years			2,798.4	802.9	2,798.4	802.9	-	743.0	(2,798.4)	(59.9)
TOTAL			**4,755.3**	**1,532.6**	**4,755.3**	**1,532.6**	**-**	**1,540.7**	**(4,755.3)**	**8.1**

The average maturity is 4.8 years for variable rate debt and 5.9 years for related hedges, reflecting Icade's policy of anticipating coverage of future financing needs.

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

2.4.3. Credit rating

Icade has been rated by the Standard & Poor's rating agency since September 2013.

After its annual review, in August 2018, Standard & Poor's affirmed Icade's long-term rating at BBB+ with a stable outlook and its short-term rating at A2.

2.4.4. Financial structure

2.4.4.1. Financial structure ratios

2.4.4.1.1. LTV (loan-to-value) ratio

The LTV ratio, which is the ratio of net financial liabilities and the latest valuation of the property portfolio excluding duties (on a full consolidation basis) plus the value of property development companies, stood at 40.0% as of December 31, 2018 (compared with 41.0% as of December 31, 2017).

The level reported as of December 31, 2018 is in line with Icade's policy and is fully compatible with Icade's expansion.

If the value of the portfolio used for its calculation was including duties and if the fair value of interest rate derivatives was not included in net debt, the adjusted LTV ratio would be 39.2% as of December 31, 2018.

The LTV ratio calculated as part of bank covenants stood at 41.7%, well below the maximum level of 52% provided for in the bank agreements.

2.4.4.1.2. ICR (Interest Coverage Ratio)

The interest coverage ratio based on EBITDA plus the Group's share in profit/(loss) of equity-accounted companies was 6.00x for the financial year 2018 (6.53x in 2017). The ratio remains at a high level, demonstrating the Company's ability to comfortably comply with its bank covenants (see table below).

	12/31/2018	12/31/2017 Restated
Ratio of net financial liabilities/asset value (LTV)[a]	40.0%	41.0%
Interest coverage ratio (ICR) based on EBITDA plus the Group's share in profit/(loss) of equity-accounted companies	6.00x	6.53x

(a) Includes the balance sheet value of property development companies.

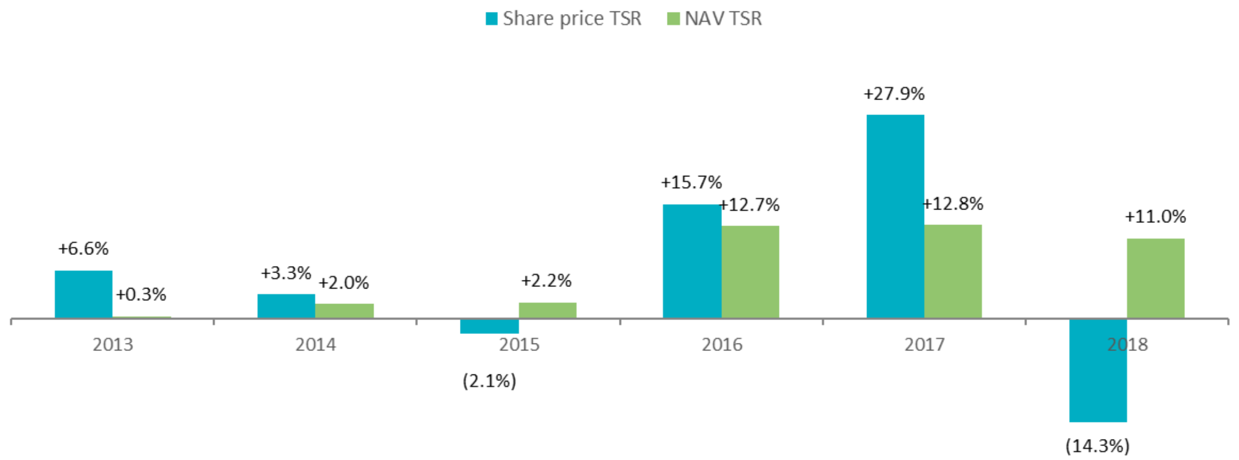
2.4.4.2. Table of covenants

		Covenants	12/31/2018
LTV bank covenant	Maximum	< 52%	41.7%
ICR	Minimum	> 2	6.00x
CDC's stake	Minimum	34%	38.8%
Value of Property Investment assets [(a)]	Minimum	from > €1.7bn to > €7bn	€13.4bn
Debt from Property Development subsidiaries/consolidated gross debt	Maximum	< 20%	0.8%
Security interests in assets	Maximum	< 20% of property investment assets	6.9%

(a) Around 6% of the debt subject to a covenant on the value of the Property Investment Division's portfolio has a limit of €1.7 billion, 13% of the debt has a limit of €2 billion, 11% of the debt has a limit of €5 billion and the remaining 70% has a limit of €7 billion.

All covenants were met as of December 31, 2018 and remain comfortably within the limits.

2.5. Share performance and NAV performance

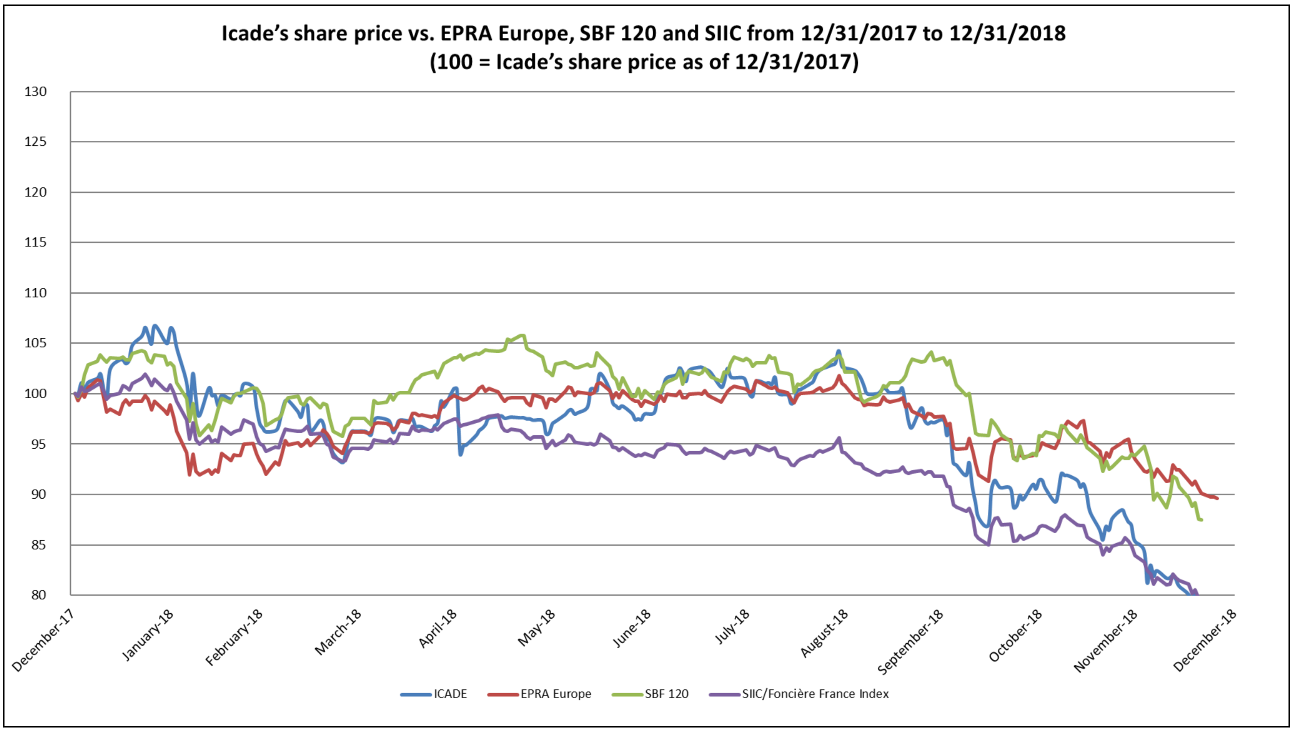


The Icade share, which stood at €66.5 as of December 31, 2018, outperformed the SIIC/Foncière France (Euronext) index in 2018, with a market return of -18.83% (-21.51% for SIIC/Foncière France) and a total shareholder return, with dividends reinvested, around -14.3%.

The share price TSR is calculated as the difference between the share price at the end of the previous reporting period and the share price at the end of the reporting period under consideration (assuming that all dividends paid out are reinvested in shares at the share price as of the ex-dividend date; for the purpose of calculating 2018 TSR, €4.30 are assumed to be reinvested at the closing share price on May 2, 2018), divided by the share price at the end of the previous reporting period.

NAV TSR, which is based on the change in triple net asset value, again grew by double digits, with 11.0% in 2018 after 12.8% in 2017.

It is calculated as the difference between the triple net asset value per share at the end of the previous reporting period and that recorded at the end of the reporting period under consideration (including, for the purpose of calculating 2018 TSR, the €4.30 dividend paid during the period), divided by the triple net asset value per share at the end of the previous reporting period.



2.6. Outlook

Icade's priorities for 2019, in line with the implementation of the 2019–2022 Plan, are as follows:

- Office development pipeline and "opportunistic" disposals of Core offices
- International expansion of Icade Santé
- Icade Promotion: launch of large projects won in 2018
- 2019 CSR priority: low-carbon
- Continued liability optimisation (LTV ratio, maturity)

In 2019, Group net current cash flow per share should be stable excluding the impact of any opportunistic disposals to be completed in 2019 (NB: excluding the impact of major disposals in 2018, 2019 NCCF would have grown by +6%).

2019 dividend policy: in 2019, the dividend should increase by c.+4.5%, in line with NCCF CAGR over the course of the plan. This increased dividend will be achieved through a payout ratio of about 90% and, as the case may be, the distribution of part of the capital gains realised on disposals (in accordance with the dividend distribution requirements imposed by the SIIC regime).

3. Property Investment Divisions

3.1. Income statement and valuation of property assets for the Property Investment Divisions (EPRA indicators)

Icade's Property Investment segment covers the following business activities:

- The Office Property Investment Division's portfolio consists primarily of office assets located in the Paris region but also, since 2017, as a result of acquiring ANF Immobilier, of office buildings in major cities outside the Paris region. The whole portfolio is valued at €8.7 billion on a proportionate consolidation basis (€8.9 billion on a full consolidation basis). It breaks down between office assets valued at €6.6 billion and business parks (also mainly composed of office assets) valued at €1.7 billion. It also includes a portfolio of hotels and a portfolio of residual assets made up of retail, housing and non-strategic assets (worth €394.9 million as of December 31, 2018, i.e. 4.5% of the Office Property Investment Division's portfolio).
- The Healthcare Property Investment Division, whose activities are carried out through 56.77% owned Icade Santé (and its subsidiaries). This division valued at €2.6 billion (€4.5 billion on a full consolidation basis) is mainly made up of private healthcare properties such as medicine, surgery and obstetrics (MSO) facilities, post-acute care (PAC) facilities and, since 2018, 14 nursing homes.

3.1.1. EPRA income statement for the Property Investment Divisions

The following table summarises the IFRS income statement for the Office and Healthcare Property Investment Divisions.

Due to the increasing number of projects under development, the property expenses related to these projects were included in net operating costs in 2018 and the same was done with the 2017 figures ("December 31, 2017 restated").

"EPRA earnings from Property Investment (Recurring)" is the main indicator used to analyse the financial results of these two divisions.

This indicator stood at €338.9 million as of December 31, 2018, a significant increase of 5.7% compared to 2017 (see the analysis for each Property Investment Division in the following pages).

	12/31/2018			12/31/2017 Restated		
(in millions of euros)	EPRA earnings from Property Investment (recurring)	Non-recurring (a)	Total Property Investment	EPRA earnings from Property Investment (recurring)	Non-recurring (a)	Total Property Investment
GROSS RENTAL INCOME	643.4	-	643.4	590.2	-	590.2
NET RENTAL INCOME	614.8	-	614.8	558.3	-	558.3
MARGIN RATE (NET RENTAL INCOME / GROSS RENTAL INCOME)	95.6%	0.0%	95.6%	94.6%	0.0%	94.6%
Net operating costs	(74.5)	(1.7)	(76.2)	(60.2)	(1.6)	(61.8)
Profit/(loss) from other activities	(0.2)	-	(0.2)	(1.1)	-	(1.1)
EBITDA	540.1	(1.7)	538.5	497.1	(1.6)	495.4
Depreciation and impairment	(8.1)	(334.6)	(342.7)	(8.3)	(282.6)	(290.9)
Profit/(loss) from acquisitions	-	(1.3)	(1.3)	-	(6.9)	(6.9)
Profit/(loss) on asset disposals	-	90.7	90.7	-	75.1	75.1
Share of profit/(loss) of equity-accounted companies	4.6	(15.1)	(10.5)	5.3	(7.2)	(1.9)
OPERATING PROFIT/(LOSS)	536.6	(262.0)	274.6	494.0	(223.2)	270.8
Cost of net debt	(96.3)	-	(96.3)	(82.3)	-	(82.3)
Other finance income and expenses	(6.9)	(16.2)	(23.1)	(5.2)	(34.2)	(39.4)
FINANCE INCOME/(EXPENSE)	(103.2)	(16.2)	(119.4)	(87.5)	(34.2)	(121.7)
Corporate tax (b)	(7.4)	0.8	(6.6)	(10.6)	20.5	10.0
NET PROFIT/(LOSS)	426.0	(277.5)	148.5	395.9	(236.9)	159.1
Net profit/(loss) attributable to non-controlling interests	87.1	(59.1)	28.0	75.2	(44.3)	30.9
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**338.9**	**(218.4)**	**120.5**	**320.8**	**(192.6)**	**128.2**

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

(b) Including, as of December 31, 2017, €20.4 million recorded for the refund request relating to the 3% tax on dividends, including penalty interest.

3.1.2. Valuation of the Property Investment Divisions' property assets

The valuation methods used by the property valuers are described in the notes to the consolidated financial statements, section 4.1 "Valuation of the property portfolio: methods and assumptions" of Note 4 "Portfolio and fair value".

Assets are classified as follows:

- Offices and business parks of the Office Property Investment Division;
- Other Office Property Investment assets, which consist of housing units, hotels, warehouses, public-sector properties and projects held as part of public-private partnerships ("PPPs"), the Millénaire shopping centre and Fresnes business park;

- The assets of the Healthcare Property Investment Division.

Note: In H2 2018, the decision was made to transfer the Millénaire and Pont de Flandre business parks (both located on the doorstep of Paris, in Aubervilliers and Paris, respectively) to “Office assets”. Similarly, PPPs, the Millénaire shopping centre and the Fresnes business park were transferred to “Other Office Property Investment assets”, which previously consisted of housing units, hotels and warehouses. Data and analyses presented hereinafter take into account these transfers.

Furthermore, the assets from the Healthcare Property Investment portfolio are valued in proportion to Icade’s stake in Icade Santé (56.77%) and those from the ANF Immobilier portfolio in proportion to Icade’s stake.

If these assets were presented on a full consolidation basis, Icade’s portfolio would represent €13,397.1 million excluding duties vs. €12,786.9 million at the end of 2017.

Unless otherwise stated, Icade does not present values including duties.

(value of the property portfolio excl. duties on a proportionate consolidation basis)	12/31/2018 (in €m)	12/31/2017 Restated* (in €m)	Change (in €m)	Change (in %)	Like-for-like change (in €m) [a]	Like-for-like change (in %) [a]	Total floor area on a proportionate consolidation basis (in sq.m)	Price [b] (in €/sq.m)	Net initial yield excl. duties (in %) [c]	EPRA vacancy rate (in %) [d]
Offices										
Paris	1,462.8	1,397.6	+65.2	+4.7%	+42.0	+3.0%	182,715	8,006	4.7%	7.2%
La Défense/Peri-Défense	1,966.6	2,037.0	(70.4)	(3.5%)	(45.9)	(2.3%)	282,365	6,965	5.6%	4.5%
Other Western Crescent	787.3	854.1	(66.8)	(7.8%)	+0.6	+0.1%	66,759	11,793	5.1%	2.7%
Inner Ring	1,092.2	1,093.8	(1.6)	(0.1%)	(3.3)	(0.3%)	167,831	6,508	5.0%	0.4%
Outer Ring	2.9	3.0	(0.1)	(3.3%)	(0.1)	(3.3%)	6,341	457	28.9%	63.3%
Total Paris region	**5,311.9**	**5,385.6**	**(73.7)**	**(1.4%)**	**(6.7)**	**(0.1%)**	**706,010**	**7,524**	**5.2%**	**4.3%**
Outside the Paris region	428.1	322.0	+106.0	+32.9%	+15.0	+4.7%	136,007	3,148	6.2%	8.7%
Total operating office properties	**5,739.9**	**5,707.6**	**+32.3**	**+0.6%**	**+8.3**	**+0.1%**	**842,017**	**6,817**	**5.3%**	**4.7%**
Land bank and floor space awaiting refurbishment (not leased) (e)	24.5	27.4	(3.0)	(10.8%)	+0.8	+3.5%				
Projects under development	467.2	204.2	+263.0	+128.8%	+114.5	+56.1%				
Off-plan acquisition	376.2	155.9	+220.2	+141.2%	+55.8	+35.8%				
TOTAL OFFICES	**6,607.7**	**6,095.2**	**+512.6**	**+8.4%**	**+179.5**	**+3.0%**	**842,017**	**6,817**	**5.3%**	**4.7%**
Business parks										
Other Western Crescent	0.0	134.0	(134.0)	(100.0%)	-	-	N/A	N/A	N/A	N/A
Inner Ring	718.8	702.9	+15.9	+2.3%	(0.5)	(0.1%)	310,191	2,317	7.7%	4.7%
Outer Ring	740.9	941.9	(201.0)	(21.3%)	+12.1	+1.7%	379,465	1,952	8.4%	16.5%
Total Paris region	**1,459.7**	**1,778.8**	**(319.1)**	**(17.9%)**	**+11.6**	**+0.8%**	**689,656**	**2,117**	**8.1%**	**10.7%**
Land bank and floor space awaiting refurbishment (not leased) (e)	113.1	128.6	(15.5)	(12.0%)	(7.6)	(6.2%)				
Projects under development	169.7	86.9	+82.8	+95.2%	+22.3	+25.6%				
TOTAL BUSINESS PARKS	**1,742.5**	**1,994.3**	**(251.8)**	**(12.6%)**	**+26.3**	**+1.6%**	**689,656**	**2,117**	**8.1%**	**10.7%**
TOTAL OFFICES AND BUSINESS PARKS	**8,350.2**	**8,089.5**	**+260.8**	**+3.2%**	**+205.8**	**+2.7%**	**1,531,673**	**4,700**	**5.8%**	**6.4%**
Other Office Property Investment assets [f]	394.9	440.5	(45.6)	(10.4%)	(25.1)	(6.0%)	120,043	1,811	8.3%	9.3%
TOTAL OFFICE PROPERTY INVESTMENT ASSETS	**8,745.1**	**8,530.0**	**+215.1**	**+2.5%**	**+180.8**	**+2.3%**	**1,651,716**	**4,491**	**5.9%**	**6.5%**
Healthcare Property Investment										
Paris region	390.1	370.6	+19.5	+5.3%	+6.0	+1.6%	103,959	3,752	5.7%	0.0%
Outside the Paris region	2,147.7	1,907.9	+239.8	+12.6%	+75.1	+3.9%	805,826	2,665	5.8%	0.0%
TOTAL	**2,537.8**	**2,278.4**	**+259.3**	**+11.4%**	**+81.1**	**+3.6%**	**909,784**	**2,789**	**5.8%**	**0.0%**
Projects under development	8.1	2.1	+6.0	+284.1%	-	+0.2%				
TOTAL HEALTHCARE PROPERTY INVESTMENT	**2,545.9**	**2,280.6**	**+265.4**	**+11.6%**	**+81.1**	**+3.6%**	**909,784**	**2,798**	**5.8%**	**0.0%**
GRAND TOTAL	**11,291.0**	**10,810.6**	**+480.5**	**+4.4%**	**+261.9**	**+2.5%**	**2,561,501**	**3,890**	**5.9%**	**4.9%**
Including assets consolidated using the equity method	*131.2*	*144.0*	*(12.8)*	*(8.9%)*	*(14.1)*	*(9.8%)*				

** Adjusted for the asset reclassifications made between the two periods, including reclassifications from “Projects under development” to the “Operating” category upon completion of a property, and the above-mentioned reclassifications.*

(a) Net change in disposals for the period, investments and changes in the values of assets treated as financial receivables (PPP).

(b) Established based on the appraised value excluding duties.

(c) Annualised net rental income from leased space plus potential net rental income from vacant space at estimated rental value, divided by the appraised value (excluding duties) of leasable space.

(d) Calculated based on the estimated rental value of vacant space divided by the overall estimated rental value.

(e) Properties that are completely vacant, held for sale, or due to be refurbished or demolished.

(f) Indicators (total floor area, price in €/sq.m, EPRA net initial yield excluding duties, and EPRA vacancy rates) are presented excluding PPPs and residential properties.

3.2. Office Property Investment Division

3.2.1. Changes in value of the Office Property Investment Division's portfolio on a proportionate consolidation basis

(on a proportionate consolidation basis)	Fair value as of 12/31/2017	FV as of 12/31/2017 of assets sold	Investments and other (a)	Like-for-like change (€m)	Like-for-like change (%)	Fair value as of 12/31/2018
Offices	6,095.2	(140.6)	473.6	+179.5	+3.0%	6,607.7
Business parks	1,994.3	(364.7)	86.6	+26.3	+1.6%	1,742.5
Other Office Property Investment assets	440.5	(29.5)	8.9	(25.1)	(6.1%)	394.9
TOTAL	**8,530.0**	**(534.8)**	**569.1**	**180.8**	**+2.3%**	**8,745.1**

Note: The above-mentioned values take into account the transfer of the assets from the Millénaire and Pont de Flandre business parks to office assets, as well as the transfer of PPPs, the Fresnes business park and the Millénaire shopping centre to "Other assets".

[a] Includes capex (€307.8 million), the amounts invested in 2018 in off-plan acquisitions (€179.4 million), as well as Icade's increased stake in the portfolio resulting from the merger with ANF as of June 30, 2018 (€93.2 million in H1 2018). Also includes the restatement of transfer duties and fees, changes in the values of assets acquired during the financial year, works to properties sold and changes in the values of assets treated as financial receivables (-€11.3 million).

On a proportionate consolidation basis, the overall value of the Office Property Investment Division's portfolio was €8,745.1 million excluding duties as of December 31, 2018 vs. €8,530.0 million at the end of 2017, i.e. an increase of €215.1 million (+2.5%). On a full consolidation basis, the Office Property Investment Division's portfolio was worth €8,912.8 million vs. €8,751.2 million as of December 31, 2017.

The year 2018 was characterised by the ongoing asset rotation achieved through a large volume of disposals representing €534.8 million (fair value as of 12/31/2017 of assets sold), offset by significant investments in the development pipeline (€487.2 million – capex and amounts invested in 2018 in off-plan acquisitions).

Excluding the impact of disposals and investments completed in 2018, the like-for-like change in value of Office Property Investment assets was +2.3% (i.e. +€180.8 million).

OFFICES

As of December 31, 2018, the office portfolio represented €6,607.7 million vs. €6,095.2 million as of the end of 2017, an increase of +€512.6 million (+8.4%). Excluding the impact of disposals and investments completed during the period, the value of the office portfolio was up +€179.5 million (i.e. +3.0%). On a full consolidation basis, the office portfolio was worth €6,758.6 million vs. €6,289.1 million as of December 31, 2017.

In the office portfolio, value creation was mainly driven by the development pipeline and the projects completed in 2018, which accounted for more than 98% of the like-for-like value increase, i.e. nearly €176 million.

Major cities other than Paris continue to be attractive markets, greatly benefiting assets located in these cities which act as a complementary growth driver for Icade, totalling more than 14% of the portfolio's value creation (i.e. nearly €25 million).

BUSINESS PARKS

As of December 31, 2018, the business park portfolio represented €1,742.5 million vs. €1,994.3 million as of the end of 2017, i.e. a decrease of -€251.8 million (-12.6%). Excluding the impact of disposals and investments completed during the period, the value of the business park portfolio was up +€26.3 million (i.e. +1.6%).

OTHER OFFICE PROPERTY INVESTMENT ASSETS

As of December 31, 2018, the "Other assets" portfolio represented €394.9 million vs. €440.5 million as of the end of 2017, a decrease of -€45.6 million (-10.4%). In 2018, the portfolio saw the sale of a hotel located in Marseille and ongoing disposals of non-strategic assets (housing units and warehouses).

Excluding the impact of disposals and investments completed during the period, the value of the portfolio declined by -€25.1 million (i.e. -6.1%).

3.2.2. Investments

Investments are presented as per EPRA recommendations: tenant improvements, broker fees and capitalised finance costs are grouped under the heading "Other".

(in millions of euros)	Investments in off-plan projects	Projects under development	Other capex	Other	Total
Offices	192.1	160.0	51.6	14.5	418.2
Business parks	-	59.1	29.0	4.7	92.8
OFFICES & BUSINESS PARKS	192.1	219.0	80.6	19.2	511.0
Other assets	1.4	-	2.9	0.1	4.4
OFFICE PROPERTY INVESTMENT	**193.5**	**219.0**	**83.5**	**19.3**	**515.3**

Total investments over the period amounted to **€515.3 million**. This amount breaks down as follows according to the recommendations of EPRA:

- Investments in off-plan projects for a total of €193.5 million, which mainly included the following projects:
  - Go Spring in Nanterre (Hauts-de-Seine) for €58.7 million. This is the second phase (18,500 sq.m), which is scheduled for completion in Q2 2019 and is 74.0% pre-let;
  - Gambetta (20th district of Paris) for €56.4 million. This project is already 97.0% pre-let and will be completed in Q1 2019;
  - The remainder (€78.3 million) consists of projects located outside the Paris region, including Orianz (Bordeaux), which was completed in 2018.

- Projects under development (€219.0 million), including €160.0 million for offices and €59.1 million for business parks, with €109.2 million invested in the Origine project in Nanterre and €53.4 million in the Pulse project in Saint-Denis;

- Other capex (€83.5 million): These include primarily the renovation costs of the business parks and offices (major maintenance and repairs and restoration work on premises);

- Other investments (€19.3 million): these include lease incentives (tenant improvements), broker fees and capitalised finance costs of projects under development.

Development projects

The Office Property Investment pipeline represented 425,000 sq.m (including 315,000 sq.m already started) and projected investments of €2.5 billion, a €0.2 billion rise compared to December 31, 2017. Most projects are in the Greater Paris area, and the related value creation is estimated at €0.7 billion, 60% of which remains to be captured in the NAV. The amount remaining to be invested in this development pipeline is €1.3 billion.

In 2018, Icade completed the following projects:

- The Armagnac project in Bordeaux including the Orianz office building (20,778 sq.m, of which 68% is pre-let) and the B&B hotel with a 12-year lease with no break option;
- The Millénaire 1 building located in the 19th district of Paris, which has been fully renovated to house BNP Paribas over more than 23,000 sq.m;

In addition, all office space in the Gambetta office building (20th district of Paris) has been pre-let (about 20,000 sq.m). It will be completed in Q1 2019.

Lastly, all conditions precedent in the off-plan lease agreement signed with Technip FMC for the Origine building in Nanterre (51,000 sq.m) have been satisfied.

Project name	Location	Type of works	Type of property	Estimated date of completion	Floor area	Expected rental income	Yield on cost (b)	Total investment (c)	Remaining to be invested > 2018	% pre-let or pre-sold
PARIS - Avenue Gambetta	PARIS	Construction	Offices	Q1 2019	20,000			154	17	97%
PULSE	PORTES DE PARIS	Construction	Offices	Q1 2019	28,695			128	18	0%
GO SPRING - BUILDING A	NANTERRE	Construction	Offices	Q2 2019	18,507			123	14	74%
Factor E	BORDEAUX	Construction	Offices	Q2 2019	10,922			33	2	53% (d)
Le Castel	MARSEILLE	Construction	Offices	Q2 2019	5,960			20	6	0%
EKO ACTIVE	MARSEILLE	Construction	Offices	Q3 2019	8,300			31	12	0%
LAFAYETTE B-C	LYON	Refurbishment	Offices	Q3 2019	7,115			30	9	0%
MONACO	RUNGIS	Refurbishment	Offices	Q3 2019	4,628			18	8	100%
19 Quai Rive Neuve	MARSEILLE	Redevelopment	Offices	Q3 2019	3,112			14	7	100%
B007 (Urssaf)	PONT DE FLANDRE	Construction	Offices	Q4 2019	8,443			44	19	100%
PARK VIEW	LYON	Construction	Offices	Q2 2020	22,800			82	44	0%
LATECOERE	TOULOUSE	Construction	Offices	Q2 2020	12,717			39	25	100%
ORIGINE	NANTERRE	Redevelopment	Offices	Q4 2020	65,000			500	234	79%
FONTANOT	NANTERRE	Redevelopment	Offices	Q4 2020	15,756			117	41	100%
B034	PONT DE FLANDRE	Refurbishment	Hotel	Q4 2020	4,850			27	20	100%
BLOCK B32	MILLENAIRE	Construction	Offices	Q2 2021	27,695			148	116	0%
POLE NUMERIQUE	PORTES DE PARIS	Construction	Offices / business centre	Q2 2021	9,444			40	32	0%
BLOCK B2	MILLENAIRE	Construction	Offices	Q3 2022	40,582			233	194	0%
TOTAL PROJECTS STARTED					**314,526**	**107.4**	**6.0%**	**1,780**	**819**	**47%**
TOTAL PROJECTS NOT COMMITTED					**110,049**	**44.2**	**6.0%**	**735**	**482**	**0%**
TOTAL PIPELINE (a)					**424,575**	**151.6**	**6.0%**	**2,514**	**1,301**	**33%**

Notes: on a full consolidation basis

(a) Includes identified projects on secured plots of land, which have started or will start within 24 months

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

(c) Total investment includes the fair value of land, cost of works, lease incentives and finance costs.

(d) Off-plan lease signed after the reporting period ended 12/31/2018

3.2.3. Asset disposals

In line with its asset management policy, Icade made disposals totalling €588.4 million in the financial year 2018, including:

- The disposal of the Paris Nord 2 and Colombes business parks and the Axe Seine building for a combined amount of €434 million excluding duties;
- The sale of the Open building in Issy-les-Moulineaux (Icade's current headquarters) for €98.8 million excluding duties.

The remainder (€55.6 million) includes the sale of other assets (hotels, warehouses, homes…).

In 2018, disposals were carried out on very favourable terms for Icade with an aggregate selling price +9.0% (€48.8 million) above appraised value as of December 31, 2017.

Overall, asset disposals generated a net capital gain of €90.7 million.

3.2.4. Key figures for the Office Property Investment Division as of December 31, 2018

EPRA earnings from Office Property Investment

	12/31/2018			12/31/2017 Restated		
(in millions of euros)	EPRA earnings from Office Property Investment (recurring)	Non-recurring (a)	Total Office Property Investment	EPRA earnings from Office Property Investment (recurring)	Non-recurring (a)	Total Office Property Investment
GROSS RENTAL INCOME	402.4	-	402.4	375.4	-	375.4
NET RENTAL INCOME	378.9	-	378.9	347.0	-	347.0
MARGIN RATE (NET RENTAL INCOME / GROSS RENTAL INCOME)	94.2%	0.0%	94.2%	92.4%	0.0%	92.4%
Net operating costs	(62.0)	(1.7)	(63.6)	(49.2)	(1.6)	(50.8)
Profit/(loss) from other activities	(0.2)	-	(0.2)	(1.1)	-	(1.1)
EBITDA	316.7	(1.7)	315.1	296.7	(1.6)	295.1
Depreciation and impairment	(8.1)	(219.1)	(227.3)	(8.3)	(184.3)	(192.6)
Profit/(loss) from acquisitions	-	-	-	-	(6.8)	(6.8)
Profit/(loss) on asset disposals	-	90.7	90.7	-	74.9	74.9
Share of profit/(loss) of equity-accounted companies	4.6	(15.1)	(10.5)	5.3	(7.2)	(1.9)
OPERATING PROFIT/(LOSS)	313.2	(145.2)	168.0	293.7	(124.9)	168.8
Cost of net debt	(66.7)	-	(66.7)	(53.9)	-	(53.9)
Other finance income and expenses	(6.3)	(6.2)	(12.4)	(4.8)	(33.8)	(38.6)
FINANCE INCOME/(EXPENSE)	(72.9)	(6.2)	(79.1)	(58.7)	(33.8)	(92.5)
Corporate tax (b)	(5.3)	0.1	(5.1)	(8.8)	20.5	11.7
NET PROFIT/(LOSS)	235.0	(151.3)	83.7	226.1	(138.2)	88.0
Net profit/(loss) attributable to non-controlling interests	4.3	(4.3)	(0.1)	1.4	(1.4)	(0.0)
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**230.7**	**(146.9)**	**83.8**	**224.8**	**(136.9)**	**88.0**

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

(b) Including, as of December 31, 2017, €20.4 million recorded for the refund request relating to the 3% tax on dividends, including penalty interest.

3.2.5. Rental income from Office Property Investment as of December 31, 2018

Rental income from Office Property Investment

(in millions of euros)	12/31/2017	Asset acquisitions	Asset disposals	Completions/ Developments/ Refurbishments	Leasing activity and rent escalation	12/31/2018	Total change	Like-for-like change
Offices [(a)]	234.2	25.6	(6.3)	1.9	4.2	259.5	25.3	2.2%
Business parks [(a)]	119.0	-	(1.7)	(1.5)	0.9	116.7	(2.3)	1.0%
OFFICES & BUSINESS PARKS	353.2	25.6	(8.0)	0.3	5.1	376.2	23.0	1.8%
Other assets	28.4	4.0	(1.4)	-	0.2	31.2	2.8	0.9%
Intra-group transactions from Property Investment	(6.2)	-	0.0	1.5	(0.2)	(5.0)	1.3	N/A
GROSS RENTAL INCOME	375.4	29.6	(9.4)	1.8	5.1	402.4	27.0	1.7%

(a) Transfer of the assets from the Millénaire business park (excluding the shopping centre) and the assets from the Pont de Flandre business park Transfer of the Fresnes business park and public-private partnerships to "Other assets".

Gross rental income from Office Property Investment amounted to €402.4 million for the financial year 2018, an increase of as much as €27.0 million compared to 2017 (+7.2%).

In 2018, the Group benefited from the full-year impact of integrating ANF Immobilier, acquired in 2017.

On a reported basis, rental income increased by +10.8% in the office segment and was down -2.0% in the business park segment, due in particular to the disposal of the Paris Nord 2 and Colombes business parks.

On a like-for-like basis, rental income went up by 1.7% thanks to favourable conditions in the office and business park segments, which showed increases of +2.2% and +1.0%, respectively.

Changes recorded during the period included:

- Asset acquisitions: +€29.6 million, corresponding mainly to income generated by the integration of ANF Immobilier;
- Asset disposals: -€9.4 million, relating primarily to the disposals of the office buildings located in Villejuif (-€6.4 million) in 2017 and the sale of the Colombes and Paris Nord 2 business parks in 2018 (-€1.5 million);
- Completions/Developments/Refurbishments: +€1.8 million, of which +€3.0 million for the Millénaire 1 building renovated in 2018 and -€1.0 million for the Brabant building, which is to be renovated;
- Leasing activity and rent escalation: +€5.1 million due to the positive impact of rent indexation and the positive performance of operating activities, especially in the office segment.

Net rental income from Office Property Investment totalled €378.9 million for the year 2018, a sharp rise compared to 2017 (+9.2%). The margin rate stands at 94.2%, up 1.8 pp from 2017.

	12/31/2018		12/31/2017 Restated	
(in millions of euros)	Net rental income	Margin	Net rental income	Margin
Offices	245.1	94.4%	221.3	94.5%
Business parks	106.2	91.0%	102.4	86.0%
OFFICES & BUSINESS PARKS	**351.3**	**93.4%**	**323.7**	**91.6%**
Other assets	22.6	72.5%	19.8	69.7%
Intra-group transactions from Office Property Investment	5.0	N/A	3.5	N/A
NET RENTAL INCOME	**378.9**	**94.2%**	**347.0**	**92.4%**

Net operating costs from the Office Property Investment Division stood at -€63.6 million, an increase compared to 2017 (see EPRA reporting – EPRA cost ratio from Property Investment). It should be borne in mind that they include holding company costs.

The recurring portion of finance income/(expense) from the Office Property Investment Division amounted to -€72.9 million as of December 31, 2018 vs. -€58.7 million a year earlier.

This variation is due to the combination of the following factors:

- The continued decrease in the average cost of debt (1.55% as of December 31, 2018 vs. 1.59% as of December 31, 2017), which was associated with lower loan interest rates for the period;
- An increase in Icade's gross debt since December 31, 2017, which was needed, in particular, to fund investments in the development pipeline.

Thus, after taking into account the items above, EPRA earnings from Office Property Investment reached €230.7 million (€3.02 per share) as of December 31, 2018 vs. €224.8 million (€2.78 per share) as of December 31, 2017, i.e. a 2.6% year-on-year increase.

Other items that had an impact on the net profit/(loss) attributable to the Group from the Office Property Investment Division represented a total net expense of -€146.9 million and were mainly comprised of:

- Depreciation and impairment of investment properties of -€219.1 million as of December 31, 2018 vs. -€184.3 million in 2017. This change can be primarily explained by the full-year impact of depreciation coming from the ANF Immobilier assets acquired in Q4 2017;
- Profit/(loss) on asset disposals for +€90.7 million vs. +€74.9 million in 2017;

As a result, **net profit/(loss) attributable to the Group** from the Office Property Investment Division reached +€83.8 million as of December 31, 2018 vs. +€88.0 million as of December 31, 2017.

3.2.6. Leasing activity of the Office Property Investment Division

	12/31/2017	Changes in 2018				12/31/2018	New leases		12/31/2018
Asset classes On a full consolidation basis	Leased floor area (sq.m)	Additions (sq.m)	Exits (sq.m)	Exits due to disposals (sq.m)	Floor area adjustments (a)	Leased floor area (sq.m)	Impact in 2018 (sq.m)	Leases starting after 2018 (sq.m)	Total (sq.m)
Offices	741,504	21,340	(24,557)	-	(1,671)	736,615	15,424	2,591	18,015
Business parks	564,901	46,229	(26,605)	-	(2,512)	582,013	19,866	3,403	23,269
Other	144,359	1,812	(503)	-	-	145,668	1,653	-	1,653
LIKE-FOR-LIKE SCOPE (A)	**1,450,764**	**69,380**	**(51,665)**	**-**	**(4,183)**	**1,464,296**	**36,943**	**5,993**	**42,936**
Offices	47,760	43,539	(9,417)	-	(663)	81,218	2,997	34,959	37,956
Business parks	28,903	3,783	(18,613)	-	-	14,074	2,113	557	2,670
Other	-	2,854	-	-	-	2,854	-	-	-
ACQUISITIONS / COMPLETIONS / REFURBISHMENTS (B)	**76,663**	**50,176**	**(28,030)**	**-**	**(663)**	**98,146**	**5,110**	**35,516**	**40,626**
SUBTOTAL (A+B)	**1,527,427**	**119,556**	**(79,695)**	**-**	**(4,846)**	**1,562,442**	**42,053**	**41,509**	**83,562**
Offices	22,807	4,538	-	(27,331)	(14)	0	4,538	5,192	9,730
Business parks	179,710	10,545	(10,198)	(180,056)	-	-	9,362	713	10,075
Other	31,814	9,673	(9,673)	(31,814)	-	0	4,854	-	4,854
DISPOSALS (C)	**234,331**	**24,756**	**(19,871)**	**(239,202)**	**(14)**	**0**	**18,754**	**5,905**	**24,659**
OFFICE PROPERTY INVESTMENT (A)+(B)+(C)	**1,761,758**	**144,312**	**(99,566)**	**(239,202)**	**(4,860)**	**1,562,442**	**60,807**	**47,414**	**108,221**

(a) Change in floor areas as a result of a new survey by a licensed surveyor

As of December 31, 2018, leased floor area in the Office Property Investment portfolio reached 1,562,442 sq.m, down 199,316 sq.m from December 31, 2017 due to the disposals made during the financial year, in particular the sale of the Colombes and Paris Nord 2 business parks.

New leases totalled 69,380 sq.m, including mainly 18,903 sq.m in the Portes de Paris business park, 24,978 sq.m in the Rungis business park, 4,600 sq.m in the PB5 Tower, and 2,268 sq.m in Go Spring B.

Space vacated during the period represented 51,665 sq.m, relating primarily to business parks, buildings located in La Défense and Peri-Défense, and the Maine Montparnasse Tower.

During the period, completions came in at 50,176 sq.m, including 23,715 sq.m for the fully-leased Millénaire 1 building, and 12,750 sq.m for the Orianz building (Bordeaux), which is over 60% leased.

In the financial year 2018, 137 **new leases** were signed, representing a total floor area of 108,220 sq.m and €30.2 million of annualised headline rental income, including 65,700 sq.m in the office segment (€24.0 million), 36,015 sq.m in business parks (€5.7 million) and 6,500 sq.m for other assets (€0.5 million).

The most significant **new leases** were:

- 16,000 sq.m signed with the Publicis advertising agency in the Gambetta building (9-year off-plan lease with no break option);
- 4,653 sq.m signed with the company Estée Lauder in the Crystal Park building in Neuilly;
- 8,400 sq.m in the Brabant building situated in the Pont de Flandre business park (9-year lease with no break option);
- 4,830 sq.m signed with Naos Hôtel Groupe for its location in Paris La Villette (12-year off-plan lease with no break option) in the PAT034 building situated in Pont de Flandre (19th district of Paris).

In 2018, 70 leases were **renewed**, representing a combined floor area of 156,230 sq.m and annualised headline rental income of €33.4 million.

The weighted average unexpired lease term of all these renewed leases stood at 5.4 years.

As of December 31, 2018, the ten largest tenants (excluding government agencies) generated a combined annual rental income of €131.2 million (34.8% of the annualised rental income of the Office Property Investment portfolio).

Financial occupancy rate and weighted average unexpired lease term

The **financial occupancy rate** stood at 93.4% as of December 31, 2018, up 0.9 pp year-on-year, thanks to strong leasing activity, especially in the Portes de Paris and Rungis business parks.

On a like-for-like basis, financial occupancy was up +1.2 pp.

	Financial occupancy rate (in %)[a]			Weighted average unexpired lease term (in years)[a]	
Asset classes [c]	12/31/2018	12/31/2017	Like-for-like change (b)	12/31/2018	12/31/2017
Offices	95.1%	96.1%	0.1 pp	5.2	5.4
Business parks	89.1%	85.4%	4.1 pps	2.9	3.0
OFFICES & BUSINESS PARKS	93.5%	92.5%	1.3 pp	4.6	4.6
Other assets	92.9%	93.7%	-0.3 pp	6.7	7.1
OFFICE PROPERTY INVESTMENT	93.4%	92.5%	1.2 pp	4.7	4.8

(a) Transfer of the assets from the Millénaire business park (excluding the shopping centre) and the assets from the Pont de Flandre business park to the Transfer of the Fresnes business park, the Millénaire shopping centre and public-private partnerships to "Other assets".

(b) Change between December 31, 2017 and December 31, 2018, excluding completions, acquisitions and disposals for the period.

(c) On a full consolidation basis, except for equity-accounted assets which are included on a proportionate consolidation basis.

In 2018, service charges not recovered from tenants due to vacancy amounted to €14.9 million, a decline of as much as -29% from 2017 (€21.0 million).

Lease expiry schedule by segment in terms of IFRS annualised rental income (in millions of euros and on a full consolidation basis)

	France offices	Business parks	Other	Total	Share of total
2019	39.0	20.8	5.0	64.8	17.2%
2020	17.2	18.1	4.8	40.1	10.6%
2021	26.9	25.6	1.6	54.1	14.3%
2022	9.3	6.6	1.0	16.9	4.5%
2023	14.9	5.6	0.3	20.8	5.5%
2024	39.8	10.9	0.0	50.8	13.5%
2025	33.0	1.0	1.8	35.8	9.5%
2026	6.8	3.6	0.3	10.6	2.8%
2027	36.5	2.3	1.3	40.1	10.6%
2028 and beyond	37.3	0.4	5.6	43.3	11.5%
TOTAL	260.6	95.0	21.7	377.3	100.0%

Beyond 2021, 58% of rental income is secure (48% beyond 2023).

Breakdown of rental income by rent review index—ICC, ILAT and ILC (based on IFRS current rental income)

(in %)	2017	2018
Cost-of-construction index (ICC)	34.3%	26.2%
Tertiary activities rent index (ILAT)	60.3%	67.6%
Commercial rent index (ILC)	2.3%	4.3%
Other	3.1%	1.8%
TOTAL	100.0%	100.0%

The portion of leases subject to the Tertiary Activities Rent Index (ILAT) and Commercial Rent Index (ILC) increased in the portfolio between 2017 and 2018, owing in particular to:

- Leases renewed this year which are now subject to the ILAT or ILC index while they were previously subject to the Cost-of-Construction Index (ICC).
- Disposals of business parks carried out in the financial year, which included a high proportion of leases subject to the ICC.

3.3. Healthcare Property Investment Division

3.3.1. Changes in value of Healthcare Property Investment assets on a proportionate consolidation basis

(on a proportionate consolidation basis)	Fair value as of 12/31/2017	FV as of 12/31/2017 of assets sold	Investments and other [1]	Like-for-like change (€m)	Like-for-like change (%)	Fair value as of 12/31/2018
Healthcare	2,280.6	(0.6)	184.8	81.1	+3.60%	2,545.9

(1) Includes capex and the change in Icade's stake in Icade Santé. Also includes the restatement of transfer duties and fees, changes in the values of assets acquired during the financial year, and works to assets sold.

The property portfolio of the Healthcare Property Investment Division includes private hospitals and other healthcare properties.

On a proportionate consolidation basis, the overall value of this portfolio is estimated at€2,545.9 million excluding duties as of December 31, 2018 vs. €2,280.6 million at the end of 2017, an increase of +€265.4 million (i.e. +11.6%).

The year 2018 also saw Icade Santé begin to diversify into new segments with the acquisition of a portfolio of 14 nursing homes. In 2018, the Healthcare Property Investment Division also continued to invest, with a total of €58.8 million, most of which was invested in four healthcare facilities under development. Three of these were completed during the year, representing nearly 10% of value creation generated by the Healthcare Property Investment Division. Like-for-like value increases (+€81.1 million, i.e. +3.6%) were also driven by yield compression, mainly in H1, reflecting a premium over French 10-year government bonds and other asset classes that remained attractive.

3.3.2. Investments

(in millions of euros)	Asset acquisitions	Projects under development	Other capex	Other	Total
HEALTHCARE PROPERTY INVESTMENT	211.5	47.9	50.5	1.5	311.4

Investments made in 2018 added up to €**311.4** million. The volume of acquisitions over the period (€211.5 million) related principally to the following transactions:

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

This is in addition to €47.9 million in investments made during the financial year in the development pipeline as part of the following projects:

- Courlancy polyclinic in Bezannes for €4.0 million (completed in 2018);
- La Croix du Sud polyclinic in Quint-Fonsegrives for €12.6 million (completed in 2018);
- Elsan Stoa project in Saint-Herblain for €7.5 million (completed in 2018);
- Project for the construction of the Greater Narbonne private hospital, which is scheduled for completion in 2020, for €10.6 million;
- The extension project for the Atlantique polyclinic in Puilboreau for €13.2 million.

Other works and other investments during the financial year totalled €52.0 million.

Development pipeline

Project (€m)	Estimated date of completion	Operator	Number of beds and places	Rental income	Yield on Cost [a]	Total cost of project	Remaining to be invested > 2018
Italy – 7 facilities	2020-2021	Gheron	1020			113.0	113.0
Greater Narbonne private hospital – Montredon-des-Corbières	Q4 2020	Elsan	283			47.8	33.4
SSR Jonc Marins – Le Perreux-sur-Marne	Q3 2021	Korian	136			21.9	21.9
Clinique de l'Atlantique private hospital – Puilboreau	Q3 2019 - Q4 2019	Ramsay GDS (formerly Capio)	100			20.0	4.6
Le Parc polyclinic – Caen	Q1 2021	Elsan	288			19.6	19.6
Saint-Charles private hospital – La Roche-sur-Yon	Q1 2022	Sisio	210			14.1	14.1
Mornay post-acute care facility – Saintes	Q1 2021	Korian	82			10.2	10.2
Atlantique medical hub (Bromélia) – Saint-Herblain	Q4 2019	Elsan	169			8.2	5.4
TOTAL PIPELINE			2,288	14.1	5.7%	254.8	222.2

(a) YoC = headline rental income / cost of the project as approved by Icade's governance bodies. This cost includes the carrying amount of land, cost of works (excluding internal costs), carrying costs and any lease incentives

The total cost of projects in Icade Santé's development pipeline is estimated at €254.8 million, including €112.0 million of investments in developments in Italy.

The average yield on cost expected for these projects is 5.7%.

3.3.3. Asset disposals

The value of asset disposals completed during the year was not significant, at €1.5 million.

3.3.4. Key figures as of December 31, 2018

EPRA earnings from Healthcare Property Investment

	12/31/2018			12/31/2017 Restated		
(in millions of euros)	EPRA earnings from Healthcare Property Investment (recurring)	Non-recurring (a)	Total Healthcare Property Investment	EPRA earnings from Healthcare Property Investment (recurring)	Non-recurring (a)	Total Healthcare Property Investment
GROSS RENTAL INCOME	241.0	-	241.0	214.9	-	214.9
NET RENTAL INCOME	235.9	-	235.9	211.3	-	211.3
MARGIN RATE (NET RENTAL INCOME / GROSS RENTAL INCOME)	97.9%	0.0%	97.9%	98.3%	0.0%	98.3%
Net operating costs	(12.5)	-	(12.5)	(11.0)	-	(11.0)
Profit/(loss) from other activities	-	-	-	-	-	-
EBITDA	223.4	-	223.4	200.3	-	200.3
Depreciation and impairment	-	(115.4)	(115.4)	-	(98.3)	(98.3)
Profit/(loss) from acquisitions	-	(1.3)	(1.3)	-	(0.2)	(0.2)
Profit/(loss) on asset disposals	-	-	-	-	0.2	0.2
Share of profit/(loss) of equity-accounted companies	-	-	-	-	-	-
OPERATING PROFIT/(LOSS)	223.4	(116.8)	106.6	200.3	(98.3)	102.0
Cost of net debt	(29.6)	-	(29.6)	(28.4)	-	(28.4)
Other finance income and expenses	(0.6)	(10.1)	(10.7)	(0.4)	(0.4)	(0.8)
FINANCE INCOME/(EXPENSE)	(30.2)	(10.1)	(40.3)	(28.8)	(0.4)	(29.2)
Corporate tax	(2.1)	0.6	(1.5)	(1.7)	-	(1.7)
NET PROFIT/(LOSS)	191.0	(126.2)	64.8	169.8	(98.7)	71.1
Net profit/(loss) attributable to non-controlling interests	82.8	(54.7)	28.1	73.8	(42.9)	30.9
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**108.2**	**(71.5)**	**36.7**	**96.0**	**(55.8)**	**40.2**

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

3.3.5. Rental income from Healthcare Property Investment as of December 31, 2018

Rental income from Healthcare Property Investment

(in millions of euros)	12/31/2017	Asset acquisitions	Asset disposals	New builds / Refurbishments	Leasing activity and rent escalation	12/31/2018	Total change	Like-for-like change
HEALTHCARE PROPERTY INVESTMENT	214.9	14.3	(0.4)	8.8	3.4	241.0	26.1	1.8%

In 2018, the sharp increase in rental income from Healthcare Property Investment resulted from:

- Acquisitions for €14.3 million, including the 1st nursing home portfolio for €4.4 million over 6 months;
- Completions of extension works and development projects (Courlancy, Saint-Herblain and Quint-Fonsegrives) for €8.8 million;
- Impact of rent escalation and asset management for €3.1 million.

(in millions of euros)	12/31/2018 Net rental income	Margin	12/31/2017 Restated Net rental income	Margin
HEALTHCARE PROPERTY INVESTMENT	235.9	97.9%	211.3	98.3%

Net rental income from Healthcare Property Investment for the year 2018 totalled €235.9 million, implying a margin rate of 97.9%, almost the same level as in 2017.

The recurring portion of **finance income/(expense)** from Healthcare Property Investment as of December 31, 2018 amounted to -€30.2 million, up by -€1.4 million compared to December 31, 2017.

Net profit/(loss) attributable to non-controlling interests from Healthcare Property Investment stood at -€28.1 million vs. -€30.9 million thanks to an improvement in net profit. This corresponds to non-controlling interests (43.23% of capital) in Icade Santé as of December 31, 2018.

After taking into account the items above, **EPRA earnings from Healthcare Property Investment** reached €108.2 million (€1.46 per Icade share) as of December 31, 2018 vs. €96.0 million as of December 31, 2017 (€1.30 per Icade share).

The non-recurring items included in net profit/(loss) attributable to the Group from Healthcare Property Investment represented a net expense of -€71.5 million vs. -€55.8 million as of December 31, 2017 and consisted primarily of depreciation charges for investment properties.

As a result, **net profit/(loss) attributable to the Group** from Healthcare Property Investment reached €36.7 million as of December 31, 2018 vs. €40.2 million as of December 31, 2017, a -8.6% decrease (-€3.4 million).

3.3.6. Leasing activity of the Healthcare Property Investment Division

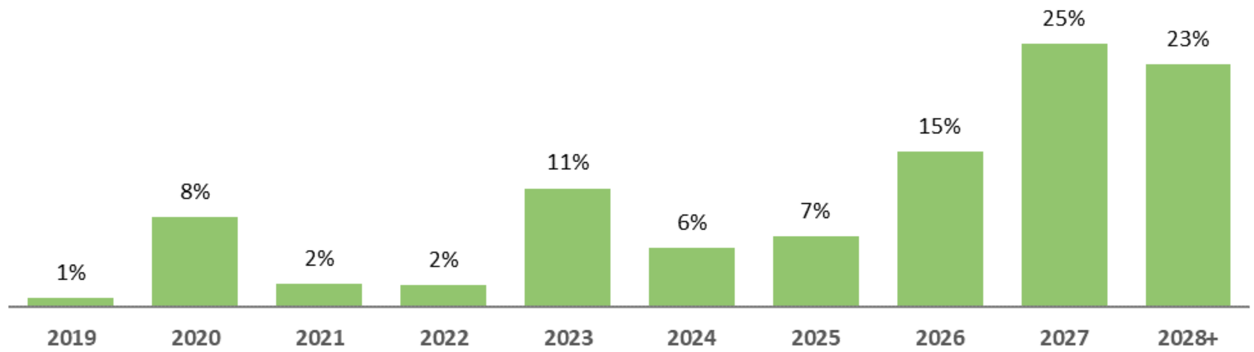
	Financial occupancy rate (in %)			Weighted average unexpired lease term (in years)	
Asset classes	12/31/2018	12/31/2017	Like-for-like change[a]	12/31/2018	12/31/2017
HEALTHCARE PROPERTY INVESTMENT	100.0%	100.0%	+0.0 pp	7.4	7.6

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

As of December 31, 2018, the **financial occupancy rate** remained unchanged compared to December 31, 2017, at 100%.

Lease expiry schedule by segment in terms of IFRS annualised rental income (in millions of euros)

On a full consolidation basis	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028 and beyond	Total
HEALTHCARE PROPERTY INVESTMENT	2.0	21.8	5.5	5.4	29.0	14.4	17.2	37.9	64.5	59.4	257.0



The weighted average unexpired lease term was 7.4 years, down 0.2 year compared with 2017.

4. Property Development Division

4.1. Income statement and performance indicators

SUMMARY TABLE

In millions of euros	12/31/2018 Total Property Development	12/31/2018 Current	12/31/2018 Non-current	12/31/2017 Restated Total Property Development	12/31/2017 Restated Current	12/31/2017 Restated Non-current
ECONOMIC REVENUE	**1,250.9**	**1,250.9**		**1,160.1**	**1,160.1**	
ECONOMIC OPERATING PROFIT/(LOSS) (a)	84.9	88.0	(3.1)	70.8	70.7	0.1
Current economic operating margin (current economic operating profit or loss/revenue)		7.0%			6.1%	
OPERATING PROFIT/(LOSS)	**73.4**	**76.5**	**(3.1)**	**56.2**	**56.1**	**0.1**
FINANCE INCOME/(EXPENSE)	**(4.1)**	**(4.1)**	**0.1**	**(5.0)**	**(5.2)**	**0.2**
Corporate tax (b)	(24.5)	(25.5)	1.0	(15.4)	(23.1)	7.6
NET PROFIT/(LOSS)	44.8	46.8	(2.0)	35.7	27.8	7.9
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**42.4**	**44.4**	**(2.0)**	**33.5**	**25.4**	**8.0**

(a) Adjustment for trademark royalties and holding company costs.

(b) Including, in 2017, €7.7 million of income recorded for the refund request relating to the 3% tax on dividends, including penalty interest.

UPDATE ON ICADE PROMOTION

The residential and office segments account for three-fourths and one-fourth of the Property Development Division's business, respectively. This reflects Icade Promotion's positioning as an all-around player in property development throughout Metropolitan France and its overseas departments and territories.

The growth strategy continued to yield results in 2018, evidenced by the increase in economic revenue, up 7.8% on a year-on-year basis, amounting to €1,251 million at the end of 2018 vs. €1,160 million at the end of 2017.

This increase in revenue is largely attributable to the residential segment (+11.3%) and reflects the significantly faster pace of housing sales and construction starts observed in H2 2018.

The policy implemented by the residential operational teams throughout the year in terms of construction efforts resulted in strong housing sales (6,346 units in 2018 vs. 5,510 units in 2017, i.e. +15.2%) and construction starts (6,086 units in 2018 vs. 4,692 units in 2017, i.e. +29.7%).

The office segment posted revenue of €331 million in 2018, which was relatively stable (-0.8%) compared with the end of 2017 (€334 million).

The improved profitability of the Property Development Division, measured by the current economic operating margin[12] (7.0% as of December 31, 2018 vs. 6.1% as of December 31, 2017) was mainly due to the residential segment (7.2% in 2018 vs. 6.3% in 2017) and the office segment (6.6% in 2018 vs. 5.7% in 2017). This improvement can be explained by an increase in the profit margins of office projects and better absorption of operating costs relating to the residential segment's revenue growth and its effective cost control.

The net current cash flow (NCCF) also surged by +74.7% to €44.4 million as of December 31, 2018 vs. €25.4 million as of December 31, 2017.

The net profit/(loss) attributable to the Group (NPAG) as of December 31, 2018 for the Property Development Division amounted to €42.4 million, up sharply (+65%) compared with December 31, 2017 adjusted for income of €7.7 million from the refund relating to the 3% tax on dividends (€25.8 million).

This increase resulted in the Return on Equity (ROE) goal of 15.0%, which was set for 2018, being surpassed, with 17.4% as of December 31, 2018.

The application of IFRS 15 "Revenue from contracts with customers" has been mandatory since January 1, 2018. Financial indicators and the backlog shown for the previous financial year have been restated for the impact of adopting this standard.

For property development activities, the main impact of applying this standard is the accelerated recognition of revenue and profit margins based on the progress of construction work. This is due to the fact that the progress of the project now includes land. In connection with the application of IFRS 15, Icade Promotion's backlog decreased due to accelerated revenue recognition (down €138 million as of December 31, 2017 restated vs. reported, i.e. -8.4%).

4.1.1. Return on equity

(in millions of euros)	12/31/2018	12/31/2017 Restated
Adjusted net profit/(loss) attributable to the Group (a)	42.4	25.8
Average allocated capital (b)	243.9	245.3
RETURN ON EQUITY	**17.4%**	**10.5%**

(a) Net profit/(loss) attributable to the Group for 2017 has been adjusted for €7.7 million of income recognised in respect of the 3% tax on dividends, including penalty interest.

(b) Weighted average value over the period of equity attributable to the Group before elimination of investments in subsidiaries, excluding profit/(loss) and including IFRS 15 impact starting on January 1, 2018.

As of December 31, 2018, return on equity (ROE) stood at 17.4%, a sharp rise from the previous year driven by improved net profit/(loss) attributable to the Group with average equity almost stable.

4.1.2. Property Development backlog and service order book

The backlog represents signed orders expressed in terms of revenues (excluding taxes) but not yet recognised for property development projects, based on the stage of completion.

The order book represents service contracts (excluding taxes) that have been signed but have not yet been executed.

[12] *Ratio between operating profit/(loss) (including entities accounted for using the equity method, adjusted for non-current items, trademark royalties and holding company costs) and economic revenue*

(in millions of euros)	12/31/2018 Total	12/31/2018 Paris region & DOM-TOM (overseas)	12/31/2018 Outside the Paris region	12/31/2017 Restated Total	12/31/2017 Restated Paris region & DOM-TOM (overseas) *(a)*	12/31/2017 Restated Outside the Paris region
Residential Property Development	927.4	474.6	452.8	1,010.4	457.4	552.9
Office Property Development	126.2	54.4	71.8	351.2	243.6	107.6
Public and Healthcare Amenities Development	76.8	22.8	54.0	106.3	16.5	89.9
Project Management Support service order book	32.4	31.6	0.7	37.4	36.5	0.8
TOTAL	**1,162.8**	**583.4**	**579.3**	**1,505.2**	**754.0**	**751.2**
Share of total	100.0%	50.2%	49.8%	100.0%	50.1%	49.9%

The Property Development Division's total backlog was down -22.7% at €1,162.8 million from €1,505.2 million as of December 31, 2017. This variation results from:

- A -8.2% drop in the Residential Property Development backlog resulting from accelerated revenue generation and lower housing orders (-3.8% in value terms).

- A -55.6% drop in the Office Property Development and Public and Healthcare Amenities Development backlog, as a result of the progress of construction in ongoing projects and numerous completions in 2018:

  - In Lyon:
    - Completion of the 7,150-sq.m OXAYA office building located in the north end of Gerland;
    - Completion and handover to investor AG Real Estate of the Factory office building located in the Confluence district, within the Ynfluences Square scheme (6,900 sq.m);
    - Completion of the Sky 56 office building, a 56-metre high rise with a total floor area of 30,700 sq.m in Lyon Part-Dieu.
  - In Paris:
    - The Thémis office building (10,655 sq.m) located in the N4 lot of the Clichy-Batignolles development zone (ZAC) managed by Paris Batignolles Aménagement, completed and handed over to Covea GMF Vie;
    - The Panorama T6 bridge-shaped office building (16,000 sq.m), located in the Paris Rive Gauche development zone, completed and handed over to AG2R La Mondiale;
  - In Montpellier, completion of the high-speed train (TGV) station, built as part of a public-private partnership (PPP);
  - In Rennes, completion and handover to the investor PFO2, represented by Périal, of buildings 1, 2 and 3 of Urban Quartz (13,700 sq.m of offices located in the Euro Rennes development zone);
  - In New Caledonia, completion of the Nouméa Private Hospital.

The Office Property Development and Public and Healthcare Amenities Development backlog was partly renewed by the following new contracts signed:

- An off-plan purchase agreement signed between the Office Property Investment and Property Development Divisions—again demonstrating the synergies that can be achieved by these business lines—for the construction of the headquarters of aeronautical equipment manufacturer Latécoère in Toulouse, including 11,130 sq.m of offices, 1,582 sq.m of services (food services, fitness, etc.) and 414 underground parking spaces;
- In Lyon, an off-plan purchase contract entered into with Affine for a 7,660-sq.m office building located in Vaulx-en-Velin, in the Carré de Soie neighbourhood;
- In Vitrolles, in the heart of the Aix-Marseille metropolitan area, off-plan purchase agreement signed for the BEEHIVE project covering 4,980 sq.m of office space;
- As part of the partnership established with Korian in 2017, two property development contracts signed, one in Livry Gargan (Seine-Saint-Denis) for which construction will start in January 2019 with the facility up and running in March 2021, and the other one in Saintes (Charente-Maritime), for which construction will start in March 2019 with the facility up and running in November 2020;
- In Saint-Pierre de la Réunion, off-plan purchase contract signed with SAS Casabona for the construction of an 8,360-sq.m shopping centre.

Potential revenue[13] amounted to €5.7 billion, representing over 18,000 units for the residential segment and more than 300,000 sq.m for the office segment in the medium term. It includes the land portfolio of the Residential Property Development business, estimated at €2.0 billion as of December 31, 2018, up 11%.

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[13] *Revenue excluding taxes on a proportionate consolidation basis including backlog, contracts won, stock of units currently for sale and land portfolio*

4.2. Residential Property Development

(in millions of euros)	12/31/2018	12/31/2017 Restated	Change
Economic revenue	919.6	826.1	11.3%
Current economic operating profit/(loss)	66.3	51.6	28.5%
CURRENT ECONOMIC OPERATING MARGIN (CURRENT ECONOMIC OPERATING PROFIT OR LOSS/REVENUE)	7.2%	6.3%	1.0 pp

As had been anticipated, the acceleration in housing starts and sales recorded in H2 2018 resulted in an increase in economic revenue for Residential Property Development of +11.3% to €919.6 million as of December 31, 2018 vs. €826.1 million as of December 31, 2017.

Current economic operating profit/(loss) from Residential Property Development increased to €66.3 million as of December 31, 2018 compared to €51.6 million as of December 31, 2017, mostly due to revenue growth which made it possible to better absorb operating costs.

Main physical indicators as of December 31, 2018

	12/31/2018	12/31/2017	Change
Properties put on the market			
Paris region & DOM-TOM (overseas)	2,230	2,596	(14.1%)
Outside the Paris region	2,924	3,315	(11.8%)
TOTAL UNITS *(a)*	5,154	5,911	(12.8%)
Paris region & DOM-TOM (overseas)	588.4	512.7	14.8%
Outside the Paris region	578.6	600.7	(3.7%)
TOTAL REVENUE *(potential in millions of euros)*	1,167.0	1,113.4	4.8%
Projects started			
Paris region & DOM-TOM (overseas)	3,064	1,623	88.8%
Outside the Paris region	3,022	3,069	(1.5%)
TOTAL UNITS	6,086	4,692	29.7%
Paris region & DOM-TOM (overseas)	654.1	336.0	94.7%
Outside the Paris region	575.0	551.4	4.3%
TOTAL REVENUE *(potential in millions of euros)*	1,229.1	887.4	38.5%
Net housing orders			
Housing orders *(in units)*	4,938	5,776	(14.5%)
Housing orders *(in millions of euros including taxes)*	1,041.3	1,082.6	(3.8%)
Housing order cancellation rate *(in %)*	16%	18%	-2.2 pps
Average sale price and average floor area based on orders			
Average price including taxes per habitable sq.m *(in €/sq.m)*	3,851	3,663	5.1%
Average budget including taxes per housing unit *(in €k)*	211.2	187.5	12.6%
Average floor area per housing unit *(in sq.m)*	54.8	51.2	7.0%

(a) "Units" means the number of residential units or equivalent residential units (for mixed-use developments) of any given development. The number of equivalent residential units is determined by dividing the floor area by type (business premises, shops, offices) by the average floor area of residential units calculated as of December 31 of the preceding year.

Breakdown of orders by type of customer

	12/31/2018	12/31/2017
Social housing institutional investors (ESH) – social landlords	17.1%	25.9%
Institutional investors	16.9%	14.7%
Individual investors	36.8%	36.8%
Home buyers	29.2%	22.6%
TOTAL	**100.0%**	**100.0%**

Obtaining a building permit is becoming increasingly difficult due to: suspension of many projects in the run-up to the 2020 municipal elections, upcoming adoption of Intercommunal Land-Use Plans (PLUI) in metropolitan areas and the consistently high number of legal claims.

In this context, the number of homes put on the market in 2018 by the Property Development Division was down -12.8% in unit terms. However, thanks to the quality of the locations of the Property Development Division's projects, properties put on the market were up 4.8% in value terms, with this phenomenon being more pronounced in the Paris region.

For Icade Promotion's residential segment, 2018 was characterised by strong construction activity, with an acceleration in the second half of the year.

The number of housing starts rose sharply in 2018 (+38.5% in value terms), totalling 6,086 units for a revenue of €1,229.1 million vs. 4,692 units for a revenue of €887.4 million as of December 31, 2017.

Notarised sales as of December 31, 2018 totalled 6,346 units for a revenue of €1,235 million vs. 5,510 units for a revenue of €1,056 million as of December 31, 2017, i.e. an increase of 17.0% in value terms, mainly related to the increased number of orders in 2016 and 2017.

In 2018, the French housing market saw a slight decline due to the elimination of support measures for areas where supply is not tight, the French government's social housing policies and prices which are rising faster than the purchasing power of buyers.

In line with the slowdown in the housing market, Icade Promotion's net housing orders as of December 31, 2018 totalled 4,938 orders, falling by -14.5% in volume terms compared to the previous year (5,776 orders) and decreasing by -3.8% in value terms. The discrepancy between value and volume terms can be explained by a number of factors:

- An average unit price higher than in the previous year due to sales of larger housing units (average floor area of 54.8 sq.m in 2018 vs. 51.2 sq.m in 2017) as there were fewer orders for managed residences;
- Fewer bulk orders, having a significantly lower sale price per sq.m;
- Higher market prices;
- Our projects being put on the market are located in more expensive urban areas, in particular in the Paris region.

In a reversal of the trend, orders from institutional investors fell to 34.0% of total orders as of December 31, 2018 vs. 40.6% as of December 31, 2017. The decrease in social housing units sold as part of bulk sales is significant, in line with the market trend. Sales to individual home buyers rose, accounting for 29.2% of total sales as of December 31, 2018 vs. 22.6% as of December 31, 2017.

The unsold housing stock declined, with €16.2 million as of December 31, 2018 vs. €24.3 million as of December 31, 2017.

The average level of pre-let or pre-sold projects recorded at construction start remained high (70% on average).

Land portfolio

The portfolio of residential land and building plots represented 11,638 units and potential revenues of €2.5 billion[14], a 3.2% increase in value terms compared to December 31, 2017 (11,365 units for €2.4 billion).

4.3. Office Property Development

(in millions of euros)	12/31/2018	12/31/2017 Restated	Change
Economic revenue	331.3	334.0	-0.8%
Current economic operating profit/(loss)	21.7	19.0	14.4%
CURRENT ECONOMIC OPERATING MARGIN (CURRENT ECONOMIC OPERATING PROFIT OR LOSS/REVENUE)	**6.6%**	**5.7%**	**0.9 pp**

As of December 31, 2018, Office Property Development and Public and Healthcare Amenities Development revenue stood at €331.3 million, relatively stable compared to €334.0 million a year earlier. The 18,000-sq.m office project located in Villejuif stands out for its significant contribution to the year's revenue.

The current economic operating profit of the Office Property Development and Public and Healthcare Amenities Development rose to €21.7 million as of December 31, 2018 from €19.0 million as of December 31 of the preceding year, due in particular to a higher proportion of office projects contributing to operating profit (margins are higher in this segment than for Public and Healthcare Amenities Development projects).

Public and Healthcare Amenities Development

As of December 31, 2018, the portfolio of Public and Healthcare Amenities Development projects was equivalent to 152,594 sq.m (vs. 250,457 sq.m as of December 31, 2017), including 77,768 sq.m under construction. The projects in this portfolio were mostly located outside the Paris region and in the French overseas departments and territories (DOM-TOM). Projects completed during the year represented 54,534 sq.m, with the Nouméa Private Hospital (23,975 sq.m), buildings A and B in the Courlancy private hospital (10,000 sq.m), and the high-speed train (TGV) station in Montpellier (8,281 sq.m).

Office, Hotel and Retail Property Development

As of December 31, 2018, Icade Promotion had a portfolio of Office, Hotel and Retail Property Development projects of around 668,818 sq.m (vs. 510,671 sq.m as of December 31, 2017), including 168,490 sq.m under construction (in particular the building located in Villejuif (18,000 sq.m) for which construction has started). In 2018, completions added up to 95,491 sq.m.

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[14] *Revenue including taxes (on a full consolidation basis)*

4.4. Major projects

The Property Development Division won several large-scale project contracts during the year which strengthened its pipeline:

- **Terres de Versailles:**

In March 2018, Icade Promotion was awarded the concession to plan and develop the new “Terres de Versailles” neighbourhood, located on the site of the former Pion barracks.

This project covers 51,250 sq.m and includes housing units, a hotel, a childcare centre, shops, space dedicated to social economy initiatives, as well as public facilities.

The entire project is scheduled to be carried out from 2019 to 2026. In addition to the planning involved, Icade Promotion will develop 65% of the real estate included in the overall project apart from the public facilities.

- **Bercy Charenton:**

In April 2018, Icade, Sogaris and Poste Immo were awarded a contract as part of the “Inventing the Greater Paris Metropolis” call for projects on the Bercy-Charenton site.

Located in the 12th district of Paris, this project encompasses a 50,000-sq.m mixed-use complex including a 15,000-sq.m office building which will be built under a delegated project management agreement by Icade Promotion with the Office Property Investment Division as investor. In addition, Icade Promotion will develop 18,000 sq.m as part of an off-plan sale, including a hotel, a co-living apartment hotel, shops as well as event and sports areas.

The Property Development and Office Property Investment Divisions will work together on this large-scale project scheduled to take place between 2020 and 2023, reflecting the synergies that can be achieved between Icade’s different divisions.

- **Archipel Wacken:**

Icade Promotion’s application selected in the call for expressions of interest for the construction of a European office development of about 40,000 sq.m in lot E of the Archipel Wacken international business district in Strasbourg.

On October 25, 2018, Icade’s application was selected following a call for projects launched by the City of Strasbourg and led collaboratively with the Strasbourg Eurometropolis, the Bas-Rhin Departmental Council and the Grand-Est Region, for the construction of a European office development of about 40,000 sq.m in the Archipel Wacken international business district in Strasbourg.

The Osmose project presented by Icade provides for the development of a major European business district in the immediate vicinity of the European Parliament, with the objective of making it the most important office district in Strasbourg. The scheme is scheduled for completion by the end of 2020.

- **Avenue de la Tranchée in Tours:**

The City of Tours has chosen Icade as the property developer in charge of overhauling the upper part of Avenue de la Tranchée north of the Loire river. Icade, which had already been put in charge of the entire urban redevelopment project for the Les Halles neighbourhood in the city centre, submitted the most economically advantageous bid. The project, which is scheduled for completion in 2026 or 2027, will be located on the site of the former town hall of Saint-Symphorien, which used to be a separate municipality and is now a neighbourhood of Tours. A park-and-ride facility, an elementary school and a former municipal building are currently on the site. Icade will instead build a two-storey,180-space outdoor car park and a school accommodating seven classes which are scheduled for completion in 2022. Icade will then build 24,000 sq.m of housing units and services. An urban planner will be named in 2019 and studies will be launched to allow for construction work to start in 2021.

- **University of Chicago’s Centre in Paris:**

The City of Paris, the city council of the 13th district, Semapa and the University of Chicago chose the project led by Icade and designed by the Franco-American architects Studio Gang and Parc Architectes, to build a nearly 9,500-sq.m mixed-use project.

“Best of Both” is a mixed-use project overlooking the tracks of the Austerlitz train station right near an RER C (Regional Express Network rail line) station. It combines—all on the same site—the University of Chicago’s new Centre in Paris and a residential building made up of around 86 low-cost ownership units, a portion of which co-designed.

The complex will feature around 950 sq.m of local shops and businesses and offer a concept based on a mix of cultures from both Chicago and Paris.

Construction is to be launched in Q1 2020 and completed in Q4 2021 for the university (structural works) and Q2 2022 for the residential building.

4.5. Working capital requirement and debt

(in millions of euros)	12/31/2018 IFRS	12/31/2018 Reclassification of joint ventures	12/31/2018 Total	12/31/2017 Restated IFRS	12/31/2017 Restated Reclassification of joint ventures	12/31/2017 Restated Total	Change
Residential Property Development	(326.6)	(9.1)	(335.7)	(225.0)	(17.5)	(242.5)	(93.2)
Office Property Development	(7.6)	(18.6)	(26.2)	(27.4)	(30.5)	(57.9)	31.7
NET WORKING CAPITAL REQUIREMENT [a]	**(334.2)**	**(27.8)**	**(361.9)**	**(252.4)**	**(48.0)**	**(300.4)**	**(61.5)**
NET DEBT [a]	**110.9**	**6.2**	**117.1**	**11.7**	**22.8**	**34.4**	**82.6**

(a) A negative number is a net asset, while a positive number is a net liability.

The net working capital requirement (WCR) increased by €61.5 million from the beginning of 2018, totalling €361.9 million.

At the end of 2018, WCR included the acquisition of €35 million of land not subject to the suspensive condition requiring that a building permit be obtained and €25 million related to urban development projects. The time needed to develop projects from these two categories is by nature longer than the time needed for property development projects carried out under normal conditions for acquiring land, i.e. with irrevocable building permits (free of any third-party objections). Acquisitions completed in 2018 in these two categories accounted for €41 million in the change in WCR.

Other changes came from the residential segment with a €56 million increase and from the office segment with a €35 million decrease, mainly due to the activity over the period.

The net debt of the Property Development Division stood at €117.1 million, up €82.6 million compared with December 31, 2017, mainly due to the €61.5 million increase in WCR and the €16.3 million decrease in equity as a result of the adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application of IFRS 15.