



Paris, July 26, 2016

BUSINESS PERFORMANCE AND 2016 HALF-YEAR RESULTS ON THE RISE – ICADE WELL ON TRACK TO DELIVER ITS GUIDANCE

Indicators have improved strongly

- +6.3% in EPRA Earnings from Property Investment per share vs. June 30, 2015 to €1.85
- +4.1% in portfolio value across all asset classes (vs. December 31, 2015) to €9.5bn¹
- +1.5% in triple NAV per share (vs. December 31, 2015) to €74.2 as early as June 30, post dividend
- Increase in financial occupancy rate of +0.9 pp for the Commercial Property Investment Division (vs. December 31, 2015) to 87,7%

Active liability management

- Extended average debt maturity (+1 year vs. December 31, 2015) to 5.5 years
- Lower financing costs (-25 bps vs. December 31, 2015) to 2.46%

The Disposal of Property Services activities is underway

Confirmed and strengthened guidance: 2016 NCCF up by over 3%

	06/30/2016	06/30/2015 ²	Change
EPRA earnings from Property Investment (in €m)	136.1	128.1	+6.3%
EPRA Earnings from Property Investment per share	€1.85	€1.74	+6.3%
Group net current cash flow (in €m)	145.9	143.8	+1.5%
Group net current cash flow per share	€1.98	€1.95	+1.5%
Net profit/(loss) attributable to the Group (in €m)	15.4	(78.4)	-

	06/30/2016	12/31/2015 ²	Change
EPRA net asset value per share	€77.7	€76.0	+2.2%
EPRA triple net asset value per share	€74.2	€73.1	+1.5%
Average cost of debt	2.46%	2.71%	- 25bps
LTV ratio	39.7%	38.0%	+170bps
Property Development ROE³	4.2%	4.3%	- 10bps

¹ Property investment portfolio (including Healthcare at 56.51%)

² After restatement of the Property Services business results in accordance with IFRS 5

³ ROE (Net profit attributable to the Group/average equity over the period) calculated over a 12-month rolling period

Olivier Wigniolle, CEO of Icade, declared:

“Icade recorded solid performance in the first half of 2016. As market conditions improved, the Property Investment and Property Development Divisions performed well, driven by strong leasing activity, active portfolio management and new acquisitions in the Healthcare segment. The sharp rise in our EPRA EPS and NAV reflects the first fruits of the effective implementation of our strategic roadmap. Thanks to this positive trend, which is expected to continue in H2, we are more than confident in our ability to grow our Net current cash flow per share by over 3% in FY 2016”.

1. Streamlined shareholding structure and enhanced governance

The merger by acquisition by Icade of HoldCo SIIC, its holding company, was approved during the General Meeting of May 23, 2016.

Three independent directors were appointed during the General Meeting of May 23, 2016:

- Ms Florence Peronnau,
- Mr Georges Ralli,
- Mr Frédéric Thomas, who replaces Mr Jérôme Grivet.

The Board of Directors now consists of 15 members including 5 independent directors.

The Board of Directors of Icade includes 40% of women and one-third of independent directors, in compliance with the recommendations of the AFEP-MEDEF Code of Corporate Governance and with legal requirements.

Board committees will be chaired by independent directors.

2. A very busy first half of the year

2.1. Commercial Property Investment: strong business performance / an improving occupancy rate

Robust leasing activity

In H1 2016, the Commercial Property Investment Division **renewed** 45 leases covering a total floor area of 71,316 sq.m, with an average remaining lease term to first break of 9.7 years.

New leases that took effect in H1 represented 56,665 sq.m.

73 new leases were signed in H1, representing a total floor area of 65,800 sq.m and €16.9 million in annualised headline rental income. Leasing activity expanded by 33% relative to H1 2015. These new leases mainly concerned the following assets:

- Offices: PB5 Tower (La Défense), Cézanne (Saint-Denis), Défense 2 (Nanterre),
- Business parks: Millénaire 4 (Paris, 19th district), Séville (Rungis business park), Rostand (Paris Nord 2).

It should be noted that in **July 2016**, Icade signed an amendment to its lease agreement with a tenant in order to lease an additional 4,321 sq.m, increasing the financial occupancy rate of the EQHO Tower to 96%.

Exits from the portfolio of leased space, resulting from the disposals and redevelopments made in H1, represented 13,287 sq.m.

Like-for-like exits resulting from tenant departures totalled 53,156 sq.m.

The **financial occupancy rate** of the Commercial Property Investment Division improved by 0.9 pp compared to December 31, 2015 (87.7% incl. 93.4% for Offices and 83.2% for Business Parks).

Gross rental income was stable on a like-for-like basis and down 3.3% to €186.7 million including changes in scope of consolidation:

- *impact of completions*: +€3.1 million (Le Monet in Saint-Denis in June 2015),
- *impact of asset disposals*: -€5.6 million (Millénaire 2, Reflet Défense and 2 non-strategic buildings in Evry),
- *impact of redevelopments*: -€4.6 million (Open building completed at the end of 2016, Défense 4/5/6, Défense 1 which will be demolished to make room for the Campus Défense project),

On a like-for-like basis, leasing activity showed a net positive balance of +€0.7 million including:

- *changes in indices (Cost-of-Construction (CCI) and Tertiary Activities Rent Index (TARI) indices)*: +€0.2 million,
- *leases signed for the EQHO Tower*: +€8.8 million (full-period impact of leases entered into in 2015 and impact of H1 2016 new leases),
- *45 leases renewed*: -€3.4 million (implying a 14% decrease in rents),
- *balance of additions to and exits from the portfolio of leased space of Business Parks*: -€3 million,

Margin rates (net rental income/gross rental income) rose by 1.7 pps to 88.4% (primarily driven by strong leasing activity in the Office segment),

The average remaining lease term went up from 4.2 to 4.6 years.

Active portfolio management

Investments carried out in H1 2016 in the Commercial Property Investment Division amounted to €107.6 million. These investments were mainly related to developments (€84.5 million):

- Veolia's headquarters for €33.4 million: the building was completed according to schedule on July 18 (Le Millénaire business park),
- Millénaire 4 building for €23.3 million: it is scheduled to be completed in October 2016 and it was fully pre-committed in March 2016 (Le Millénaire business park),
- Open building being redeveloped for €7.2 million, due to be completed at the end of 2016,
- Campus Défense office project for €17.1 million,

On July 20, Icade signed a final agreement to buy an office building (for around €50 million) with a strong value creation potential in the immediate vicinity of Paris, in Gentilly (13,000 sq.m, fully leased), implying a net initial yield of 6%.

Disposals of non-strategic assets made in H1 2016 totalled €29.1 million. This amount is mainly related to the sale of two office buildings: one in Nanterre (Reflet Défense, 5,804 sq.m) and one in Maisons-Alfort (4,032 sq.m).

The marketing plan "Coach Your Growth with Icade" was launched in the Business Parks on July 5, 2016

This plan is based on three commitments to tenant companies:

- Vibrant business parks fostering excellence through a transformation in their structure in order to offer higher quality services and make them more functional and efficient,
- Better quality of life and work, through the creation of convivial spaces and a very extensive range of innovative services,
- A sharing and learning community, through the provision of tools to help tenant companies develop business relationships within their community.

This plan represents an investment of €30 million over 2016 and 2017, it will be first implemented in the Paris Orly-Rungis business park as soon as September 2016 and then in 6 of Icade's main business parks by the end of 2017.

Icade intends to grow the financial occupancy rate of its Business Parks by 5% by 2018/2019.

2.2. Healthcare Property Investment: consolidation of the leadership position

The portfolio of the Healthcare Property Investment Division experienced vigorous growth in H1 2016, thanks to significant acquisitions completed in 2015 (over €700 million). The acquisition of 4 clinics operated by Ramsay Générale de Santé on June 17, 2016 will have a full-period impact on H2 2016 revenues.

Gross rental income soared by 28.1% to €102.7 million.

- Impact of acquisitions: +€22.8 million,
- Slight like-for-like increase of +0.4% driven by rent indexation,

The financial occupancy rate remains at 100%.

2.3. Property Development Division: promising performance indicators

In H1 2016, the Property Development Division's business performance indicators improved significantly:

- the **backlog** grew sharply (+7.8% vs. 12/31/2015) to €1,626 million, fuelled by the surging backlog of the Residential segment (+14.4%) and an increase in that of the Commercial segment (+9.1%) thanks, in particular, to a number of off-plan sale agreements for Office properties entered into with leading institutional investors, especially in Lyon (OXAYA office building, UnitY office building and Ynfluence Square retail units), and also in Paris (Twist building in the Clichy-Batignolles development zone),
- growing **sales of residential units** (reservation volumes increased by 35.2% vs. 06/30/2015), boosted by the impact of the "Pinel" tax incentive scheme,

In H1 2016, IFRS revenue was down 13.5% to €365.7 million (including 69% for the Residential segment), reflecting the limited performance of Property Development in 2013/2014.

- Residential revenue was down 19.9% (€253.9 million): unfavourable base effect due to the completion of the North East Paris project in 2015 (1,126 housing units in the 19th district of Paris, revenue of €80 million in 2015),
- Commercial revenue was up 5.7% (€111.7 million): impact of contracts signed in 2015.

3. H1 2016 results

EPRA Earnings from Property Investment reached €136.1 million, implying a **+6.3%** change compared to June 30, 2015, including €91.5 million for the Commercial segment (-1.7%) and €44.6 million for the Healthcare segment (+27.7%).

Group net current cash flow, which includes EPRA Earnings from Property Investment and cash flow from Property Development and Property Services, was up 1.5% to €145.9 million.

EPRA triple net asset value rose by 1.5% to €5,473.6 million. This positive evolution results primarily from the increase in portfolio value.

As at June 30, 2016, the **value of the whole property portfolio** increased by 4.1% compared with 2015.

It expanded by 2.7% on a like-for-like basis:

- The value of the Healthcare portfolio rose by 7.6% as a result of a strong yield compression in this segment between December 31, 2015 and June 30, 2016,
- The value of the Office portfolio improved by 2.9% from 2015, positively impacted by yield compression and higher occupancy rates,
- The value of Business Parks improved by +0.4%, propelled by a slight yield compression and better leasing activity.

A **net profit attributable to the Group** of €15.4 million was posted, to be compared with a net loss of €(78.4) million in H1 2015.

Property Development ROE of 4.2%

The optimisation of capital allocated to Property Development explains this stabilisation (reduction in capital allocated to that division of €100 million on December 30, 2015, and dividend payment of €20.3 million in June).

ROE for H1 2016 (12-month rolling period) was stable compared to December 31, 2015.

Optimised cost of debt, rise of maturity and LTV under control

In H1, Icade took advantage of attractive market conditions to further optimise its financing terms, especially through:

- Issue of a €750 million, 10-year bond with a coupon of 1.75%,
- Refinancing of a mortgage loan with Allianz for €225 million for a term of 20 years, at a rate of 2.172%,
- Issue of Negotiable European Commercial Paper to reach an outstanding amount of €505.5 million at the end of H1.

As the company continued to optimise its funding structure, the average debt maturity went up to 5.5 years as at June 30, 2016, compared to 4.5 years as at December 31, 2015.

Furthermore, the average cost of debt dropped 25 bps to 2.46% in H1, compared to 2.71% in 2015.

In the first days of July 2016, and after the bond issue of May, Icade prepaid €559 million in bank loans and unwound swaps backed by these loans.

The LTV ratio stands at 39.7% as at June 30, 2016.

4. Outlook

Continued implementation of the strategic plan, with the following priorities for 2016:

- improving the occupancy rate of Business Parks, especially through the implementation of the “Coach your Growth with Icade” plan,
- selling selected Business Parks in 2016,
- discontinuing Property Services operations, with the sale of all related subsidiaries expected in Q3,
- developing synergies between the Property Investment and Property Development divisions,
- identifying attractive opportunities to invest in office properties, not only in Paris but also in major French cities,

H2 2016 is already marked by large-scale projects in the Commercial Property Investment Division: completion of Veolia’s headquarters on July 18 (45,000 sq.m), completed acquisition of an office building in Gentilly on July 20 (13,000 sq.m).

In line with the acquisitions made in H1 (4 clinics worth €57 million in total), in H2 the Healthcare Property Investment Division will continue its policy to grow both organically and through acquisitions.

In H2 2016, the Residential Property Development Division will continue to benefit from positive market momentum and actions initiated outside the Paris region, while the Commercial Property Development Division will be propelled by a backlog up 9.1%. Positive impacts on the results of the Property Development Division will begin to emerge in 2017. 2016 profit is expected to be stable relative to 2015.

In addition, Icade intends to further optimise its funding structure as market conditions are still favourable.

In 2016, the Group net current cash flow should also grow by over 3% compared with 2015. This guidance is higher than that announced in February 2016 ("Net Current Cash Flow of around 3%") during the presentation of the 2015 annual financial statements.

The company's dividend policy is still based on Net current cash flow.

5. Other items

Disposal of Property Services activities

As part of the implementation of its strategic plan, Icade has already taken several steps towards the goal of selling its Property Services operations:

- On July 22, 2016, Icade sold the company iPorta to the Visiativ Group,
- On July 25, 2016, Icade signed a binding agreement to sell its stake in Icade Property Management to the Foncia Group. The sale will be completed on September 30, 2016,
- In H1, Icade entered into exclusive negotiations to sell its subsidiaries Icade Asset Management and Icade Conseil. These transactions are expected to be completed by the end of Q3 2016.

Therefore, all of Icade's Property Services activities are expected to be sold by Q3 2016.

Management

Appointment of Maurice Sissoko

Following the departure of Hervé Manet last June 30, Maurice Sissoko joined Icade as member of the Executive Committee in charge of the Property Development Division. Maurice Sissoko began his career in 1987 at the French Ministry of Economy and Finance, within the Directorate-General for Taxation, and then within the Inspectorate-General for Finance between 2001 and 2005. He then joined the Caisse des Dépôts (CDC) Group as Head of loans and housing for the Savings Fund. From 2008 to 2010, he served as a member of Icade's Executive Committee in charge of the Property Services Division. Afterwards, he was appointed CEO of the Economic Interest Group (GIE) "Informatique CDC" and head of the digital subsidiaries of the CDC Group. Between September 2013 and June 2016, Maurice Sissoko was a director of Icade (Permanent Representative of Caisse des Dépôts). Between July 2015 and June 2016, he was also an Adviser to the CEO of CDC, in charge of the preparatory mission for a public-sector property investment company.

Appointment of Jean-François Galloüin

Jean-François Galloüin, member of Icade's Advisory Board for Innovation, joined the company as Head of the Innovation department. Mr Galloüin is an entrepreneur, a professor (CentraleSupélec and Essec), and a specialist in innovation and intrapreneurship matters. His former position as CEO of Paris & Co, his perfect understanding of the stakeholders and issues related to innovation, his experience as an entrepreneur and his connection to the world of prestigious universities that create the entrepreneurs of tomorrow, will allow Icade to intensify its focus on innovation. He is a permanent invitee of Icade's Executive Committee.

Our business achievements of July

The Commercial Property Investment Division's and the Property Development Division's recent business successes are presented in a separate press release.

6. Financial calendar

Q3 financial data: Thursday, October 20 before the market opens

Investor day: Scheduled for November 2016

On July 25, 2016, the Statutory Auditors issued their review report on the 2016 interim financial information after having:

- Performed a limited review of the condensed interim consolidated financial statements of ICADE S.A. for the period from January 1, 2016 to June 30, 2016;
- Verified the information contained in the half-year activity report.

The Half-Year Financial Report as at June 30, 2016 can be viewed or downloaded from the website (www.icade.fr), in the section:

In French: <http://www.icade.fr/finance/resultats-publications/rapport-annuel-document-reference-rapport-financier-semestriel>

In English: <http://www.icade.fr/en/finance/results-and-publications/annual-report-reference-document-interim-financial-report>

It is also available to the public, free of charge, upon request by mail to: Icade _ Millénaire 1 _ 35 rue de la Gare 75 168 Paris Cedex 19, France.

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André Martinez, Chairman of the Board, **Olivier Wigniolle**, CEO of Icade, and **Victoire Aubry**, member of the Executive Committee in charge of Finance **will present the 2016 half-year results to the analysts on July 26, 2016, at 10:00 am**

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 am (Paris time) on the website, via the following link:

In French: <http://edge.media-server.com/m/go/ICADEHY2016>

Conference ID: SFAF Icade French: **530433**

In English: <http://edge.media-server.com/m/go/ICADEHY2016/lan/en>

Conference ID: SFAF Icade English: **9493040**

ABOUT ICADE

As a French listed real estate investment company (SIIC) belonging to the Caisse des Dépôts Group, Icade is a major player in Greater Paris and territorial development Icade is a key integrated property player able to provide comprehensive, sustainable and innovative solutions that are tailored to customer needs and to the challenges of tomorrow's cities. As at June 30, 2016, it recorded EPRA Earnings of €136.1 million, a net current cash flow of €145.9 million, and an EPRA triple net asset value (NNNAV) of €5,473.6 million, i.e. €74.2 per share.

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

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