



## ICADE: GROWING RESULTS IN H1, IMPLEMENTATION OF THE STRATEGIC PLAN STEPPED UP, INCREASED GUIDANCE

- Icade signs an exclusive negotiation agreement with ANF and Eurazeo for the acquisition of Eurazeo's controlling interest in ANF Immobilier<sup>1</sup>.
- NCCF per share: €2.12, i.e. +7.1%
- Portfolio value: €9.9 billion<sup>2</sup> i.e. +1.6% vs. December 2016
- EPRA triple net asset value per share: €78.6, i.e. +5% vs. December 2016 (excluding the impact of the dividend payment made during the period)
- Commercial Property Investment: EPRA earnings up +7.6% to €98.5 million and financial occupancy rate up +0.9 pp to 92.0%, vs. December 31, 2016.
- Healthcare Property Investment: EPRA earnings up +6.1% to €47.4 million
- Property Development: Economic revenue<sup>3</sup> stands at €552 million (+37.4%), NCCF at €10.5m (+111.6%), and ROE<sup>4</sup> at 9.2%.
- Average cost of debt stands at 1.68% (-50 bps vs. December 31, 2016)
- Development pipeline of the Commercial and Healthcare Property Investment divisions: investments of €1.8 billion, including €1.2 billion already launched as of June 30, 2017.
- Land portfolio of the Property Development division: €2.2 billion of potential revenue (including taxes), i.e. +25.6% vs. June 2016
- 2017 outlook: guidance revised upward, increase in NCCF per share of around 7% compared to 2016

	06/30/2017	06/30/2016	Change
<b>EPRA earnings from Property Investment (in €m)</b>	<b>145.8</b>	<b>136.1</b>	+7.1%
EPRA earnings from Property Investment per share	€1.97	€1.85	+6.6%
<b>Group net current cash flow (in €m)</b>	<b>157.0</b>	<b>145.9</b>	+7.6%
Group net current cash flow per share	€2.12	€1.98	+7.1%
<b>Net profit/(loss) attributable to the Group (in €m)</b>	<b>77.2</b>	<b>15.4</b>	

<sup>1</sup> This acquisition project is presented in a separate press release

<sup>2</sup> Value of the Commercial and Healthcare Property Investment divisions' portfolios (Group share: 56.51% of Icade Santé)

<sup>3</sup> Economic revenue = IFRS revenue adjusted from IFRS 11

<sup>4</sup> Return on equity (Net profit/(loss) attributable to the Group from Property Development calculated over a 12-month rolling period / Weighted average value over the period of equity attributable to the Group before elimination of securities and excluding profit/(loss))

	06/30/2017	12/31/2016	Change
EPRA triple net asset value per share	€78.6	€78.7	-0.2%
Average cost of debt	1.68%	2.18%	-50 bps
LTV ratio	39.4%	37.9%	+150 bps
Property Development ROE	9.2%	6.1%	+310 bps

## 1. An active first half of 2017 across Icade's 3 business lines

### 1.1 Commercial Property Investment Division: the trend started in 2016 continues

#### **Robust leasing activity**

As of June 30, 2017, the **financial occupancy rate** of the Commercial Property Investment Division stood at 92%, up 0.9 pp (including 95.3% for offices [+0.7 pp] and 89.1% for business parks [+1 pp]). As such, Icade already achieved in 2017 its occupancy rate objectives announced for 2019. In parallel, the average remaining lease term went up from 4.8 to 4.9 years.

In H1, the Commercial Property Investment Division **renewed 22 leases**<sup>5</sup> across its office and business park portfolio. They cover a total floor area of 80,220 sq.m, with a weighted average unexpired lease term of 7.9 years and €22.3 million of annualised headline rental income (+2.6% on average compared to ERV).

Moreover, the **new leases signed in H1** starting in H1 or later represented a total floor area of 57,100 sq.m and €11.5 million in annualised headline rental income.

**Like-for-like exits** resulting from tenant departures totalled 25,800 sq.m and €5.0 million of IFRS annualised rental income.

The **"Coach Your Growth with Icade"** marketing plan was launched in the business parks in H2 2016. This plan represented a €30 million investment spread over 2 years. Initially launched in the Orly-Rungis business park in Q3 2016, these investments, aimed at making Icade's business parks more attractive, are starting to have an impact.

On a reported basis, **rental income** from the Commercial Property Investment Division was down -0.1% to €186.5 million, mainly due to asset disposals carried out in 2016. On a like-for-like basis, the decrease is -0.9%.

The margin rate, adjusted for exceptional items, in the office and business park segments reached 87.6%, compared with 87.1% as of December 31, 2016.

#### **Proactive asset management**

**Investments** carried out in H1 by the Commercial Property Investment Division amounted to €118.3 million, including:

- Off-plan acquisitions for a total of €24.5 million, continuation of construction work on the Go Spring asset in Nanterre, two preliminary agreements signed (Gambetta asset<sup>6</sup> in the 20<sup>th</sup> district of Paris for €137 million excluding duties, and Eko Activ building in Marseille for €28.4 million excluding duties).
- New builds/extensions/redevelopments of office buildings represented €39.6 million, including: Pulse (28,000 sq.m), Origine (70,000 sq.m), Défense 456 building (15,800 sq.m) and Bucarest (2,000 sq.m),

<sup>5</sup> Excluding warehouses

<sup>6</sup> The final purchase agreement was signed on July 21

- Renovation or restoration costs for €46.2 million.

**Asset disposals** carried out in H1 totalled €125.3 million. They included primarily the disposal of 2 office buildings located in Villejuif (Seine and Rhône) representing over 22,000 sq.m.

Overall, asset disposals generated a capital gain of €46.0 million.

As of June 30, 2017, **portfolio value** for the Commercial Property Investment Division reached €7.8 billion, up +0.9% on a like-for-like basis (+1.0% on a reported basis):

- The value of the office portfolio stood at €4.1 billion, an improvement of 1.5% on a like-for-like basis compared to December 31, 2016 (+0.6% on a reported basis),
- The value of the business park portfolio stood at €3.5 billion, a slight increase of +0.3% on a like-for-like basis (+1.6% on a reported basis).

These increases in portfolio value reflect the positive impacts of higher occupancy rates as well as yield compression in the most secure assets.

### 1.2 Healthcare Property Investment Division: leading position strengthened

**Rental income** from Healthcare Property Investment jumped by +3.2% on a reported basis in H1 to reach €106.0 million, mainly due to the acquisitions and property extensions made in 2016.

The financial occupancy rate of the portfolio is 100%. The weighted average unexpired lease term stands at 7.9 years.

**Investments** carried out in H1 2017 in the Healthcare Property Investment Division amounted to €127.8 million. These investments were mainly related to developments (€56.7 million spread over 4 private hospitals, which will eventually generate €16.3 million of additional rental income), acquisitions (2 private hospitals for €54.0 million) and works to private hospitals currently operating (€17.2 million).

Finally, **portfolio value** stands at €2.1 billion (on a proportionate consolidation basis), up +0.6% on a like-for-like basis, mainly due to slight capitalisation rate compression. On a reported basis, the increase was higher (+3.9%) as a result of new acquisitions added to the portfolio and strong momentum of projects under development.

### 1.3 Property Development Division: strong increase of financial and business indicators

In H1, **economic revenue** rose by **37.4%** to **€551.6 million** (65.4% derived from the Residential segment and 34.6% from the Commercial segment), thanks to:

- Commercial revenue up **42.5% (€191.0 million)**: impact of contracts signed in the past 2 years, with the largest contributors in H1 being the Twist (10,400 sq.m) and Thémis (10,655 sq.m) projects.
- Residential revenue up **34.8% (€360.6 million)**: this trend can be explained by very positive business indicators over 2016 (land portfolio, housing orders, backlog).

In H1, IFRS revenue was up 33.2% to €487.3 million.

**Current economic operating margin**<sup>7</sup> rose by +0.7 pp to **6.2%** (vs. 5.5% over 12 months in 2016) as a result of revenue growth.

**Property Development NCCF** shows a 111.6% year-on-year increase to **€10.5 million**.

As of June 30, **ROE** stood at **9.2%** vs. 6.1% as of December 31, 2016 (up +310 bps), driven by higher net profit attributable to the Group from Property Development (+25.4% over a 12-month rolling period) and optimised allocated capital (€284.9 million as of June 30, 2017, i.e. a 16.1% decrease over 6 months).

On July 4, Icade signed a partnership with Poste Immo for the purpose of forming Arkadea, a full-fledged property development company. This partnership will enable Icade to showcase its expertise as a property developer to a major real estate owner (see press releases from March 14 and July 4).

The Property Development Division's **backlog** represents €1,517 million:

- the **residential** backlog was up +5% (vs. December 2016), housing orders +10.2% and housing sales +24.8%, the latter two in volume terms. These indicators were boosted by the positive impact of the "Pinel" tax incentive scheme combined with housing loans at historically low interest rates,
- the **commercial** backlog was down -24.8%, as a result of the progress of construction work in projects signed in 2015 and 2016, although partly offset by the contracts signed in H1 2017.

## 2. Clear improvement in H1 2017 results

**EPRA earnings from Property Investment** reached €145.8 million, a **7.1%** increase including €98.5 million for the Commercial segment (+7.6%) and €47.4 million for the Healthcare segment (+6.1%).

**Group net current cash flow** was up +7.6% to €157.0 million, due to positive results generated by all of Icade's business lines.

**EPRA triple net asset value** rose by +5.0% to €5,809.4 million, excluding the impact of the dividend payment. It was boosted by the increase in NCCF and property values. Including the impact of the dividend payment, the EPRA triple net asset value is slightly down (-0.2%) compared to €5,820.9 million as of December 31, 2016.

As of June 30, the **value of the whole property portfolio** was €9.9 billion, up 1.6% compared to the end of 2016 (+0.9% on a like-for-like basis).

**Net profit/(loss) attributable to the Group** rose sharply to €77.2 million in H1 2017 vs. €15.4 million in H1 2016, as a result of an improvement in operating activities and gains on asset disposals.

### Significant reduction in cost of debt and LTV ratio under control

The **average debt maturity** was 6.2 years as of June 30, 2017 (vs. 6.6 years as of December 31, 2016).

The **average cost of debt** was 1.68% as of June 30, 2017 vs. 2.18% in 2016 (-50 bps).

The **LTV ratio** stood at 39.4% as of June 30, 2017, versus 37.9% as of December 31, 2016.

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<sup>7</sup> *Current economic operating margin = Current economic operating profit/(loss) (IFRS current operating profit/(loss) adjusted from IFRS 11 and for trademark royalties expenses and holding company costs) / economic revenue (IFRS revenue adjusted from IFRS 11)*

### 3. Shareholding structure and governance

Crédit Agricole Assurances announced on June 19 the acquisition of Groupama's entire stake in Icade. A shareholder since 2013, with a director on Icade's Board of Directors, and having supported the implementation of the strategic plan, Crédit Agricole Assurances thereby becomes Icade's 2<sup>nd</sup> largest shareholder with a holding of 18.5%, after Caisse des Dépôts et Consignations which owns 39% of the share capital.

On July 17, Icade's Board of Directors took note of the resignation of Ms Cécile Daubignard, Mr Benoît Maes and Mr Eric Donnet, who represented Groupama.

As a result, the Board of Directors currently consists of 12 members. With this composition, the rules relating to female and independent director representation on the Board are complied with.

In accordance with the governance rules prescribed by the Afep Medef code, the Board of Directors shall be responsible for deciding, as the case may be, on a proposal from the Appointments and Remuneration Committee, to co-opt new directors to fill these new vacancies, bearing in mind that these potential co-options are then subject to final approval by the General Meeting of Shareholders.

### 4. Proposed acquisition of Eurazeo's controlling interest in ANF Immobilier

Icade, ANF and Eurazeo have entered into an exclusive negotiation agreement for the acquisition by Icade of Eurazeo's controlling interest in ANF Immobilier. This acquisition is subject to satisfaction of several conditions precedent, in particular obtaining the opinion of the employee representative bodies of the relevant companies and having entered into a bilateral agreement with respect to the sale by ANF Immobilier of residential and retail property assets in Marseille and Lyon. Subject to satisfaction of conditions precedent, the acquisition should take place the fourth quarter of 2017.

Once the acquisition of the controlling interest has been carried out, Icade will file a mandatory public tender offer for ANF Immobilier's remaining share capital.

See the dedicated press released published today.

### 5. 2017 outlook: increased guidance

**Given the company's favourable outlook, Group net current cash flow is expected to grow by around 7% in 2017 compared to 2016, vs. an increase of at least 4% announced last February.**

### 6. Financial calendar 2017

Q3 financial data: October 20, after the market closes

An Investor Day will be held on Monday, November 27, 2017

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The Statutory Auditors issued their review report on the interim financial information on July 21, 2017, after conducting:

- A limited review of the condensed interim consolidated financial statements of the company Icade SA for the period from January 1, 2017 to June 30, 2017, which were prepared under the responsibility of the Board of Directors' meeting held on July 21,
- A verification of the information contained in the interim management report.

The Half-Year Financial Report as of June 30, 2017 can be **viewed or downloaded from the website** ([www.icable.fr](http://www.icable.fr)), in the section:

In French: [http://www.icable.fr/finance/resultats-publications/rapport-annuel-document-reference-  
rapport-financier-semesteriel](http://www.icable.fr/finance/resultats-publications/rapport-annuel-document-reference-rapport-financier-semesteriel)

In English: [http://www.icable.fr/en/finance/results-and-publications/annual-report-reference-  
document-interim-financial-report](http://www.icable.fr/en/finance/results-and-publications/annual-report-reference-document-interim-financial-report)

**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 2017 half-year results to the analysts on July 24, 2017, at 10:00 am**

**The presentation will be available on the following website:**

In French: <http://www.icable.fr/finance/resultats-publications/presentations-financieres>

In English: <http://www.icable.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/icableHY2017/lan/fr>

Conference ID: SFAF Icade French: **2599315**

In English: <http://edge.media-server.com/m/go/icableHY2017/lan/en>

Conference ID: SFAF Icade English: **2387586**

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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 a commercial and healthcare property investor (portfolio value of €9.9bn as of 06/30/17) and as a property developer (2016 economic revenues of €1,005m), Icade is 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.icafe.fr](http://www.icafe.fr)

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