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Foncière-développeur

PRESS RELEASE

Paris, 27 March 2013

Icade-Silic 2012 pro forma consolidated financial information

In line with its announcement when the annual accounts were published, Icade is today publishing 2012 pro forma consolidated financial information for Icade and Silic.

This unaudited information presented by Icade comprises a balance sheet, an income statement and an appended explanatory note. It is intended to illustrate the potential effects of the combination between Icade and Silic on Icade's historic accounts, in relation to the financial year ending 31 December 2012.

This information has been the subject of a specific report issued by the Icade Group auditors.

As a reminder, Icade's public offer for Silic shares is still in progress (see AMF Decision and Information no. 212C0876 dated 4 July 2012)* and in respect of the annulment application made by SMAVie BTP and ADAM (Association for the Defence of Minority Shareholders) against the AMF compliance ruling regarding Icade's public offer for Silic, the Paris Court of Appeal indicated at the appeal hearing on 21 March 2013 that it would announce its decision on 20 June 2013.

*This decision appears on the AMF website at the following address:
<http://www.amf-france.org/inetbdif/viewdoc/affiche.aspx?id=74780&txtsch=>

About Icade:

Icade is a listed real estate company, a subsidiary of Caisse des Dépôts: an investor, developer and service provider in private and public property. Expertise in its different business lines enables Icade to provide comprehensive, sustainable and innovative solutions that are tailored to customer needs. In 2012, Icade posted consolidated revenue of €1,499.3 billion with a net current cash flow of €251.4 million. At 31 December 2012, its EPRA triple net asset value was €4,190.1 million or €80.7 per share.

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PRO FORMA FINANCIAL INFORMATION

AS AT 31 DECEMBER 2012

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1. PRO FORMA FINANCIAL INFORMATION

PRO FORMA CONSOLIDATED BALANCE SHEET

(in millions of euros)	ICADE 31/12/2012	SILIC 31/12/2012	Reclassifications	Valuation restatements Impact excl. duties 31/12/2012	Fair value reporting of financial assets and debts 31/12/2012	SILIC ICADE intragroup elim.	Elimination of Silic shares if 100% PEO Icade capital increase	Valuation change opening net equity linked to fair value of fin. debts and assets 2012	31/12/2012 Pro forma accounts
ASSETS									
Variance awaiting finalisation	-	-	-	(212,6)	-	-	-	-	(212,6)
Goodwill	77,2	-	-	-	-	-	-	-	77,2
Net intangible assets	5,8	1,2	-	-	-	-	-	-	7,0
Net tangible assets	121,5	0,8	-	-	-	-	-	-	122,3
Net investment properties	4 820,4	2 053,0	75,1	1 256,4	-	(2,7)	-	-	8 202,2
Assets under construction	-	75,1	(75,1)	-	-	-	-	-	-
Financial assets	-	0,3	(0,3)	-	-	-	-	-	-
Non-current securities available for sale	2,5	-	-	-	-	-	-	-	2,5
Equity-accounted securities	-	-	-	-	-	-	-	-	-
Other non-current financial assets	5,1	-	0,3	-	-	-	-	-	5,4
Deferred tax assets	14,8	-	-	-	-	-	-	-	14,8
TOTAL NON-CURRENT ASSETS	5 047,3	2 130,4	-	1 043,8	-	(3)	-	-	8 218,8
Stocks and work in progress	692,3	-	-	-	-	-	-	-	692,3
Accounts Receivable	584,2	24,2	-	-	-	-	-	-	608,4
Amounts due from customers (building contracts and off-plan sales)	18,8	-	-	-	-	-	-	-	18,8
Tax receivables	10,5	-	-	-	-	-	-	-	10,5
Miscellaneous receivables	383,0	-	11,9	-	-	-	-	-	394,9
Other receivables	-	11,1	(11,1)	-	-	-	-	-	-
Current securities available for sale	0,8	-	-	-	-	-	-	-	0,8
Other current financial assets	407,5	-	0,3	-	-	(350,0)	-	-	57,8
Cash and cash equivalents	443,6	7,6	(1,1)	-	-	-	-	-	450,1
Assets held for sale	214,9	-	-	-	-	-	-	-	214,9
TOTAL CURRENT ASSETS	2 755,6	42,9	-	-	-	(350)	-	-	2 448,5
TOTAL ASSETS	7 802,9	2 173,3	-	1 043,8	-	(353)	-	-	10 667,3

(in millions of euros)	ICADE 31/12/2012	SILIC 31/12/2012	Reclassifications 31/12/2012	Valuation restatements Impact excl. duties 31/12/2012	Fair value reporting of financial assets and debts 31/12/2012	SILIC ICADE intragroup elim.	Shareholders' equity reclassification	Elimination of Silic shares if 100% PEO Icade capital increase	31.12.12 Pro forma accounts
LIABILITIES									
Capital	79,3	70,1	-	-	-	-	(70,1)	33,3	112,6
Premiums	1 303,9	-	-	-	-	-	-	1 438,4	2 742,3
Treasury shares	(22,0)	-	-	-	-	-	-	-	(22,0)
Consolidated reserves	-	348,8	-	1 043,8	(13,7)	-	-	(1 471,7)	(92,8)
Revaluation reserves	(173,3)	-	-	-	-	-	-	-	(173,3)
Other reserves	1 412,3	-	-	-	-	-	70,1	-	1 482,4
Net Profit Group Share	52,7	12,6	-	-	10,2	(2,7)	-	-	72,8
Other reserves incl. net profit Group share	1 291,7	361,4	-	1 043,8	(3,5)	(2,7)	70,1	(1 471,7)	1 289,1
Shareholders' equity - Group share	2 652,9	431,5	-	1 043,8	(3,5)	(2,7)	-	-	4 122,0
Minority interests	310,7	-	-	-	-	-	-	-	310,7
SHAREHOLDERS' EQUITY	2 963,6	431,5	-	1 043,8	(3,5)	(2,7)	-	-	4 432,7
Non-current provisions	42,5	1,7	-	-	-	-	-	-	44,2
Long-term financial borrowings	2 878,4	1 404,2	(194,1)	-	3,5	(350,0)	-	-	3 742,0
Tax payable	3,4	-	-	-	-	-	-	-	3,4
Deferred tax payable	9,6	-	-	-	-	-	-	-	9,6
Other non-current liabilities	219,8	-	232,5	-	-	-	-	-	452,3
Deposits and sureties	-	38,4	(38,4)	-	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	3 153,7	1 444,3	-	-	3,5	(350,0)	-	-	4 251,5
Current provisions	16,8	-	-	-	-	-	-	-	16,8
Current financial liabilities	510,6	225,8	-	-	-	-	-	-	736,4
Tax payable	7,2	-	1,0	-	-	-	-	-	8,2
Trade payables	550,2	11,8	11,4	-	-	-	-	-	573,4
Amounts due to customers (building contracts and off-plan sales)	8,1	-	-	-	-	-	-	-	8,1
Miscellaneous current payables	549,6	-	45,6	-	-	-	-	-	595,2
Tax and social debts	-	6,8	(6,8)	-	-	-	-	-	-
Other current financial liabilities	18,1	-	1,9	-	-	-	-	-	20,0
Other debts	-	53,1	(53,1)	-	-	-	-	-	-
Liabilities intended to be sold	25,0	-	-	-	-	-	-	-	25,0
TOTAL CURRENT LIABILITIES	1 685,6	297,5	-	-	-	-	-	-	1 983,1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7 802,9	2 173,3	-	1 043,8	-	(352,7)	-	-	10 667,3

PRO FORMA CONSOLIDATED INCOME STATEMENT

(in millions of euros)	ICADE 31/12/2012	SILIC 31/12/2012	Reclassifications	restatements linked to adjustments to operating profit	Pro forma accounts 31.12.12
Turnover	1 499,3		190,4	(13,8)	1 675,9
Other operating income associated with the activity	5,5		-	-	5,5
Financial operating income associated with the activity	1,5		-	-	1,5
Income from operating activities	1 506,3	-	190,4	(13,8)	1 682,9
Purchases used	(810,4)		(2,0)	11,1	(801,3)
Outside services	(111,1)		(13,3)	3,8	(120,6)
Tax, duty and similar payments	(26,5)		(5,9)	-	(32,4)
Personnel charges, profit sharing and share incentive scheme	(167,6)		(9,3)	-	(176,9)
Other business related charges	(6,2)		(0,4)	-	(6,6)
Charges on operating activities	(1 121,8)	-	(30,9)	14,9	(1 137,8)
Rental income		183,8	(183,8)	-	-
Rental charges invoiced		58,8	(58,8)	-	-
Rental charges		(68,9)	68,9	-	-
Other property income and charges		(0,2)	0,2	-	-
Net rental income		173,5	(173,5)	-	-
Income from other activities		6,4	(6,4)	-	-
Payroll costs		(9,3)	9,3	-	-
Other overheads		(11,1)	11,1	-	-
Other income and other costs		(0,1)	0,1	-	-
EBITDA	384,5	159,4	-	1,1	545,0
Depreciation charges net of investment grants ⁽¹⁾	(176,8)	(85,1)	-	-	(261,9)
Charges and reversals related to loss in value on tangible, financial and other current assets	(85,7)	(1,9)	-	-	(87,6)
Profit/loss from disposals	80,8	-	-	-	80,8
Depreciation of goodwill and intangible assets	(1,6)	-	-	-	(1,6)
OPERATING PROFIT	201,2	72,4	-	1,1	274,7
Cost of net debt	(107,4)	(57,9)	-	4,4	(160,9)
Change in the fair value and discounting		(1,9)	1,9	-	-
Other financial income and charges	5,8		(1,9)	2,0	5,9
FINANCIAL PROFIT/LOSS	(101,6)	(59,8)	-	6,4	(155,0)
Share in profit /loss of companies consolidated by the equity method	(0,7)	-	-	-	(0,7)
Profit tax	(37,2)	-	-	-	(37,2)
Profit/loss from discontinued activities	-	-	-	-	-
NET PROFIT	61,7	12,6	-	7,5	81,8
Profit/(loss): Share of minority interests	9,0	-	-	-	9,0
Net profit: Group share	52,7	12,6	-	7,5	72,8

(1) Excl. additional allocations to depreciation linked to the fair value valuation of investment buildings due to lack of information
(see appended explanatory note § 2.5.1.3)

2. EXPLANATORY NOTE APPENDED TO THE PRO FORMA FINANCIAL INFORMATION

2.1. Foreword

The unaudited pro forma financial information presented is intended to illustrate the potential effects of the combination between Icade and Silic on Icade's historic accounts, in relation to the financial year ending 31 December 2012. This information has been the subject of a specific report issued by the Icade Group auditors.

The unaudited pro forma financial information comprises a pro forma balance sheet as at 31 December 2012 and a pro forma income statement covering the period from 1 January 2012 to 31 December 2012. It has been established on a voluntary basis, in order to disseminate a press release, published on the Icade site and uploaded effectively and in full on 27 March 2013.

The unaudited pro forma financial information is presented for illustrative purposes and does not represent the actual financial situation or results of the Icade Group. Neither is it representative of results from operational activities or the future financial situation of the Icade Group and does not incorporate any outcomes from projected synergies. However, the public offer in progress for Silic's shares has generated costs in respect of the combination with the Icade Group (see notes 3 and 29 in the Silic Group's publication of consolidated financial statements as at 31 December 2012).

The unaudited pro forma balance sheet has been prepared as if the combination, defined as the takeover of control:

- had taken effect on 31 December 2012,
- related to all Silic's shares⁽¹⁾ issued as at 31 December 2012,
- was established based on the terms and conditions of the public offer described in section 2.1 of Icade's update document to the reference document submitted to the AMF on 25 April 2012 under number D.12-0150-A01.

The unaudited pro forma income statement covers the period from 1 January to 31 December 2012.

The rules and accounting methods applied when preparing the unaudited pro forma financial information are identical to those for Icade's consolidated financial statements as at 31 December 2012, described in the appendix to Icade's consolidated financial statements.

The unaudited pro forma financial information was established based on:

- the Icade Group's audited consolidated financial statements as at 31 December 2012,
 - the Silic Group's audited consolidated financial statements as at 31 December 2012,
and
-

⁽¹⁾ certification reports are in the process of being issued

This information should be read in conjunction with the appended explanatory note and the audited consolidated financial statements of the Icade and Silic groups.

Silic's consolidated accounts were ruled off by Silic's Board of Directors meeting on 22 February 2013. Icade does not accept any liability for the accuracy of information presented in relation to Silic.

2.2. Accounting methods and principles

The pro forma financial information has been prepared and presented according to Icade's accounting rules and methods as described in its consolidated financial statements as at 31 December 2012.

The accounting principles applied by Silic, as described in its consolidated accounts as at 31 December 2012, do not present any significant divergence from the accounting principles used by Icade. Silic's consolidated financial information has therefore not been restated in respect of accounting methods when establishing the pro forma consolidated financial information.

It should be noted that the presentation of the income statement by function of expense adopted by Silic has been restated in order to be consistent with the presentation by nature of expense applied by Icade.

2.3. Intergroup transactions

From an operational perspective, apart from construction of the Sisley building commissioned by Silic and constructed by a partially-owned subsidiary of the Icade Group, no significant transactions have occurred between the Icade and Silic groups.

The financing structure has also been modified due to the public offer, following implementation of a new financing policy, anticipating the profile of the future Icade/Silic combined entity. Icade has granted a loan of 350 million euros to Silic for this purpose. This transaction has been eliminated from the pro forma accounts.

2.4. Business combination

The anticipated transaction process may lead to a business combination under the joint control of HoldCo SIIC on the date of payment/delivery of the shares. This scenario is outside the application scope of IFRS 3 (revised). In accordance with paragraph 10 of the IAS 8 standard applicable to this type of transaction, in the context of updating the reference document submitted to the AMF on 25 April 2012, under number D.12-0150-A01, Icade has used its judgement to present relevant and reliable information on this combination and, in accordance with paragraph 11, has adopted the provisions of standard IFRS 3 (revised), with Icade being identified as the purchaser.

Consequently, the assets and liabilities acquired, as well as any liabilities identified, must be accounted for at their fair value on the date of taking control, i.e. 31 December 2012, as a construction assumption when preparing the pro forma balance sheet.

The consideration transferred corresponds to the market value of Icade shares as at 31 December 2012, provided in exchange for all Silic shares issued as at 31 December 2012. The exchange rate is fixed at five Icade shares to four Silic shares.

On these bases, the consideration transferred and the provisional fair value of assets and liabilities acquired are determined as follows:

(in millions of euros)	31/12/2012
Number of Silic shares in circulation as at 31 December 2012	17 520 938
Exchange rate in shares: no. of Icade shares/no. of Silic shares	5/4
Number of Icade shares to issue in payment for Silic shares	21 901 173
Icade share price as at 31 December 2012 (in euros)	67,2
Market value as at 31 December 2012 of Icade shares to issue	1 471,8
Total transferred counterparty	1 471,8
Projected fair value of acquired assets	3 429,7
Projected fair value of acquired liabilities	(1 745,3)
Projected fair value of any identified liabilities	-
Projected fair value of acquired assets and liabilities	1 684,4
Estimated projected badwill	(212,6)

The variance between the estimated consideration transferred and the projected fair value of the assets and liabilities acquired corresponds to a projected estimated badwill of 212.6 million euros. This badwill does not represent the variance which will be estimated on the date of Silic's inclusion in Icade's consolidation scope, which is subject to unknown changes, particularly in Icade's share price, and changes to the fair value of the assets and liabilities acquired, particularly investment properties and hedging instruments.

While awaiting the definitive valuation of the assets and liabilities acquired and the acquisition price on the consolidation scope application date, the projected estimated badwill has been accounted for as a separate line item labelled "variance awaiting finalisation", deducted from the assets.

Costs relating to the transaction presented by the Icade Group have not been taken into account when preparing the pro forma financial information. However, the Silic Group has included in its operating costs for the 2012 financial year a charge of 3.8 million euros linked to the combination with Icade.

2.5. Restatements and reclassifications

2.5.1. Restatements

2.5.1.1. Fair value of investment properties

In accordance with the option offered by IAS 40, investment properties have been accounted for in Icade's and Silic's consolidated accounts as a cost less accrued depreciation and any impairment.

In the context of a business combination, the investment buildings owned by Silic are subject to restatement so as to post them at their fair value based on realizable values (appraisal value excluding duties) published by Silic as at 31 December 2012.

(in millions of euros)	31/12/2012
Fair value of investment buildings published by SILIC	3 381,7
Book value of investment buildings published by SILIC	2 053,0
Reclassification of capitalised work on investment buildings as "investment buildings"	72,3
Impact of fair value reporting of SILIC's investment buildings	1 256,4

It should be noted, however, that the fair value of the investment buildings determined as at 31 December 2012 may not correspond to the value used on the date of taking control, mainly because, in the framework of IFRS 3 (revised), the investment buildings will need to be subject to a new valuation, in order to determine their fair value on the date of taking control. These values may be significantly different from those published as at 31 December 2012.

The methodology used to determine investment buildings fair value used by Silic is mainly based on the "Direct Comparison", "Income Capitalisation" and "Discounted Cash Flow" approaches, while Icade applies a valuation methodology essentially based on discounted income from the investment buildings. Due to lack of information, these differences in methodologies have not been restated when establishing the pro forma financial information.

2.5.1.2. Financial assets and liabilities

In Silic's consolidated accounts as at 31 December 2012:

- loans held by Silic as at 31 December 2012 are accounted for at amortized cost for their amount net of issue costs, since these are spread over the repayment term using the effective interest rate method;
- ORNANEs are categorised as long-term financial borrowings, at their nominal value, without distinction for bonds and their embedded derivatives.
- derivative financial instruments are valued at their market value.

The following restatements have been carried out when establishing the pro-forma balance sheet:

- debt issuing costs have been entirely restated (3.5 million euros) since they are treated as non-values in the context of determination of the fair value of financial liabilities;
- ORNANEs: no restatement has been carried out for this debt in respect of the non-current financial liabilities item. However, the impact of the change in the fair value of ORNANEs has been eliminated from the income statement via the consolidated reserves.

2.5.1.3. Allocations to depreciation and amortization

Allocations to depreciation and amortization have not been restated based on the fair value at entry of Silic's investment buildings, due to a lack of reliable information enabling determination of the breakdown of assets' fair value between land and constructions as well as these assets' residual terms.

2.5.1.4. Corporate tax

Silic does not account for any corporate tax charges due to its tax status.

Consequently no restatement relating to this tax has been taken into account when establishing the pro forma financial information.

2.5.1.5. Income statement

The main restatements concern elimination of:

- the impact of the change in fair value of the ORNANEs (5.6 million euros)
- the impact of intragroup operations on turnover (13.8 million euros)
- combination costs paid by Silic (3.8 million euros)

2.5.2. Reclassifications

2.5.2.1. In the balance sheet

The reclassifications mainly concern:

- items present on Silic's balance sheet for which no equivalent exists on Icade's balance sheet,
- work in progress on the "investment buildings" item for 75.0 million euros,
- elimination of the intragroup loan of 350.0 million euros, and
- the cash comprising the "cash" item in the "other receivables" item for 1.1 million euros.

2.5.2.2. In the income statement

Reclassifications have been carried out for Silic's income statement in order to be consistent with the presentation by nature of expense used for Icade's income statement.

Turnover in particular has been reduced to take account of rental charges re-invoiced to tenants for an amount of 58.8 million euros and charges for operating activities have been proportionately reduced.