PRESS RELEASE
**Paris, February 12, 2018, 07:30 a.m.**

# ICADE: STRONG 2017 RESULTS

- **Net current cash flow per share: €4.77, i.e. +8.3%**
- **Portfolio value (on a proportionate consolidation basis): €10.8 billion[1] i.e. +11.1% vs. December 2016**
- **EPRA triple Net Asset Value per share at €84.8, +7.8% vs. December 2016**
- **Proposed dividend per share: €4.30, i.e. +7.5%**
- **Net profit attributable to the Group: €170.3 million vs. €58.0 million in 2016 (+193.9%)**
- **2018 outlook: growth in Group net current cash flow per share of about +5%**

| Key figures | 12/31/2017 | 12/31/2016 | Change |
|---|---|---|---|
| **EPRA earnings from Property Investment (in €m)** | **319.1** | **296.8** | +7.5% |
| EPRA earnings from Property Investment per share | €4.31 | €4.02 | +7.3% |
| **Group net current cash flow (in €m)** | **353.2** | **325.4** | +8.5% |
| Group net current cash flow per share | €4.77 | €4.41 | +8.3% |
| **Net profit/(loss) attributable to the Group (in €m)** | **170.3** | **58.0** | +193.9% |
| | | | |
| **EPRA triple net asset value per share** | **€84.8** | **€78.7** | +7.8% |
| **Average cost of debt** | **1.59%** | **2.18%** | -59 bps |
| **LTV ratio** | **41.0%** | **37.9%** | +310 bps |
| **Property Development ROE[2]** | **12.5%** | **6.1%** | +640 bps |

[1] *Value of the Commercial and Healthcare Property Investment divisions' portfolios on a proportionate consolidation basis including 89.02% holding in ANF Immobilier (excl. treasury shares) and 56.51% holding in Icade Santé*
[2] *Net profit/(loss) attributable to the Group excluding income from the refund of the 3% tax on dividends / Average allocated capital (on a group share basis and excluding profit/(loss))*

# 1. 2017 - a positive year across Icade's 3 business lines

## 1.1 Commercial Property Investment: strong dynamic, higher results

**Robust leasing activity: occupancy rates on an upward trajectory**

As of December 31, 2017, the **financial occupancy rate** of the Commercial Property Investment Division stood at 92.5%, up 1.4 pp (including 95.3% for offices (+0.7 pp) and 89.3% for business parks (+1.2 pp). As such, Icade already achieved in 2017 its target occupancy rates.

In addition, the year was marked by:

- The acquisition of the ANF Immobilier portfolio representing 169,773 sq.m of leased space (based on full consolidation)

- The **renewal of 57 leases**[3] representing a combined floor area of 152,175 sq.m and an annualised headline rental income of €31 million with a weighted average unexpired lease term of 6.6 years.

- **New leases** were signed, representing an aggregate floor area of 211,600 sq.m and an annualised headline rental income of €56.9 million. These new leases include an off-plan lease agreement signed with TechnipFMC in the Origine development project in Nanterre for approximately 51,000 sq.m, which has allowed Icade to pre-lease 79% of the building three years before its completion.

**Like-for-like exits** resulting from tenant departures totalled 43,195 sq.m and €8.8 million of annualised headline rental income.

On a reported basis, **rental income** from the Commercial Property Investment Division was slightly down (-1.1%) to €375.4 million, mainly due to asset disposals carried out in 2016 (€48.8 million in rental income). On a like-for-like basis, rental income rose by 0.4%.

The margin rate in the office and business park segments rose to 90.4% vs. 89.7% as of December 31, 2016.

**Proactive asset management**

**Investments** carried out in 2017 by the Commercial Property Investment Division amounted to €1,048.9 million, including:

- Operating asset acquisitions for €741.7 million, mainly due to the consolidation of ANF Immobilier's property portfolio and related building works for a total of €659.3 million[4]

- Investments in off-plan acquisitions for €114.7 million: Go Spring in Nanterre, Gambetta building in the 20th district of Paris and Eko Active building in Marseille.

- Investments in construction, redevelopment and renovation works for €192.4 million.

**Asset disposals** carried out in 2017 totalled €256 million. They included primarily the sale of 3 office buildings in Villejuif for €226 million. These disposals generated a capital gain of €74.9 million.

As of December 31, 2017, the **portfolio value** for the Commercial Property Investment Division (on a proportionate consolidation basis) reached €8.5 billion, up +2.9% on a like-for-like basis (**+10.7%** on a reported basis).

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[3] *Excluding ANF Immobilier data and acquisitions*

[4] *Values as reported on Icade's consolidated balance sheet as of December 31, 2017, to be compared with the reference value of property assets that was used for the acquisition of the company, i.e. €614 million on a full consolidation basis and €457 million on a proportionate consolidation basis (values as of June 30, 2017), excluding carved-out assets.*

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

As of December 31, 2017, the pipeline of the Commercial Property Investment Division totalled €1.8 billion in investments[5], mainly in the heart of the Greater Paris area. Value creation is expected to represent €0.5 billion, of which 87% remains to be captured in the NAV.

## 1.2 Healthcare Property Investment: continued sharp earnings growth

**Rental income** from Healthcare Property Investment was up +3.6% on a reported basis in 2017 totalling €214.9 million, mainly due to acquisitions and property extensions made in 2017.

The financial occupancy rate of the portfolio is 100%. The weighted average lease break stands at 7.6 years.

**Investments** made in 2017 in the Healthcare Property Investment Division amounted to €354.7 million divided between 5 new healthcare facility acquisitions as well as extension, redevelopment and development works.

**Portfolio value** stands at €2.3 billion (on a proportionate consolidation basis), up +3.3% on a like-for-like basis, mainly due to a slight capitalisation rate compression.
On a reported basis, the increase was greater (+12.6%) as a result of new acquisitions added to the portfolio and strong momentum of projects under development.

As of December 31, 2017, the pipeline of the Healthcare Property Investment Division totalled €237 million in investments relating to the development of 4 private healthcare facilities (of which three are scheduled for completion in 2018 and one in 2020).

## 1.3 Property Development: indicators strongly up (revenue, ROE, land portfolio)

In 2017, **economic revenue** rose by **20.3%** to **€1,208.6 million** with:

- Residential revenue up **21.0%** (**€806.4 million**): business performance was fuelled by positive leading indicators (land portfolio and backlog) and the recovery in the residential market was driven by individual investors in the rental property market (Pinel tax incentive scheme extended to December 31, 2021), combined with housing loans at persistently low interest rates.

- Commercial revenue up **18.8%** (**€402.2 million**): 2017 was characterised by several major transactions, including Twist (10,400 sq.m) and Thémis (10,655 sq.m) in the Batignolles neighbourhood and the Sky 56 building (31,471 sq.m) in Lyon.

**Current economic operating margin**[6] rose by +0.7 pp to **6.3%** (vs. 5.5% over 12 months in 2016) as a result of revenue growth and tight control over running costs.

**Property Development NCCF** shows a 36.5% year-on-year increase to **€30.4 million**.

*[5] Total investment includes the fair value of the asset, cost of works, lease incentives and finance costs*
*[6] Current economic operating margin = Current economic operating profit/(loss) (IFRS current operating profit/(loss) adjusted from IFRS 11 and for trademark royalties and holding company costs) / economic revenue (IFRS revenue adjusted from IFRS 11)*

As of December 31, 2017, **ROE** stood at **12.5%** vs. 6.1% as of December 31, 2016 (up +640 bps), driven by higher net profit attributable to the Group[7] from Property Development (+47.1% over a 12-month period) and optimised allocated capital (€245.3 million of average allocated capital in 2017).

The Property Development Division's **backlog** stood at €1,643.6 million, up +2.9%. The **Residential backlog** (€1,119.5 million) grew by +5.8% (vs. December 2016), with housing orders up +2.0% in volume terms and an increase in sales (+14.7%). The **Commercial backlog** (€379.6 million) grew by +3.5%.

The **land portfolio** of the Residential Property Development Division was up +12.5% to €2.4 billion (including taxes).

## 2. Strong 2017 Financial Results

**EPRA earnings from Property Investment** rose by +**7.5%** to €319.1 million, including €223.2 million for the **Commercial segment (+8.5%)** and €96.0 million for the **Healthcare segment (+5.2%)**.

The net current cash flow of Icade Promotion surged by **+36.5%** to €30.4 million.

**Group net current cash flow** stood at €353.2 million, up +8.5%, due to positive results generated by all of business lines.

**EPRA triple net asset value** amounted to €6,273.8 million, up **+7.8%**, driven by net current cash flow growth and the increase in both property values and Property Development revenue.

As of December 31, the **value of the whole property portfolio (Group share)** amounted to €10.8 billion, up 11.1% compared to the end of 2016 (**+3.0%** on a like-for-like basis), due to acquisitions, development projects and continued capitalisation rate compression, especially in the Commercial segment.

**Net profit/(loss) attributable to the Group** jumped to €170.3 million for 2017 (vs. €58.0 million in 2016); it should be noted that income arising from the future refund of the 3% tax on dividends was recognised in 2017 (€35 million with no impact on the year's net current cash flow).

**Significant reduction in cost of debt and a LTV controlled**

**Average debt maturity** remained stable on a year-over-year basis at 6.5 years as of December 31, 2017 and the **average cost of debt** continued its slide to 1.59% in 2017 vs. 2.18% in 2016 (-59 bps).

The **LTV ratio** stood at 41.0% as of December 31, 2017 vs. 37.9% as of December 31, 2016 in a context of acceleration of the acquisition plan. In particular, the acquisition of ANF Immobilier will allow Icade to carry out the investment plan designed for outside the Paris region over the next two years.

On August 30, Standard & Poor's affirmed Icade's BBB+ rating with a stable outlook and also indicated that the acquisition of ANF Immobilier (with its limited impact on the LTV ratio) did not impact the Group's credit rating.

*[7] 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 3% tax of dividends, including penalty interest*

## 3. Dividends

Icade's Board of Directors will ask the General Meeting to be held on April 25, 2018 to approve a dividend of €4.30 per share (+7.5% vs 2016).

## 4. Acquisition of ANF Immobilier and proposed merger

On October 23, 2017, Icade completed the off-market acquisition of Eurazeo's controlling interest in ANF Immobilier, i.e. 50.48 % of the share capital and 50.23 % of the voting rights[8].

On November 13, 2017, Icade acquired from Caisse d'Epargne CEPAC 6.42% of the share capital and 6.39% of the voting rights through an off-market acquisition.

Following the filing of a simplified public tender offer, which was opened from November 16, 2017 to December 6, 2017 for €22.15 per share and taking into account subsequent on-market purchases, Icade owned 85.17% of the share capital and 84.91% of the voting rights as of December 31, 2017.

During their respective meetings held on February 9 and 8, 2018, the Board of Directors of Icade and the Supervisory Board of ANF Immobilier approved the principle of a merger which, subject to satisfaction of certain conditions precedent, should take place before summer 2018.

According to the indicative range for the exchange ratio, the shareholders of ANF Immobilier would receive between 0.25 and 0.30 Icade share for 1 ANF Immobilier share. See the dedicated press release published today.

## 5. 2018 Outlook

Icade's priorities for the year 2018 are:

- Continue development projects;
- Diversify Icade Santé into the nursing home segment (EHPAD) and prepare for international expansion;
- Maintain rigorous monitoring of liabilities (hedging, maturities, LTV ratios, etc.);

**In 2018, Group net current cash flow per share should grow by about 5% compared with 2017.**

Ahead of schedule in carrying out its strategic plan and supported by the Board of Directors, Icade is currently preparing its 2019/2023 strategic plan which will be presented at the end of H1 2018.

[8] *Based on the total number of shares and theoretical voting rights (i.e. voting rights calculated in accordance with the provisions of Article 223-11 of the AMF General Regulation) as of October 23, 2017 (following the acquisition of the controlling interest and the loss of 1,436,172 double voting rights attached to some of the shares sold by Eurazeo) published by the Company on October 24, 2017, i.e. 19,009,271 shares and 19,105,108 theoretical voting rights.*

## 6. Financial calendar 2018

Q1 financial report: April 27 before the market opens.

Annual General Meeting: April 25.

Half-year results: July 23 before the market opens.

Q3 financial report: October 19, after the market closes.

*The consolidated financial statements as approved by the Board of Directors on February 9 have been audited. The Statutory Auditors' report 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 of Icade, and **Victoire Aubry**, member of the Executive Committee in charge of Finance, **will present the 2017 Full Year Results to analysts on February 12, 2018, 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 am (Paris time) on the website, via the following link:**

In French: ***https://edge.media-server.com/m6/go/icadeFY2017***

*Conference ID: SFAF Icade French:* ***8245390***

In English: ***https://edge.media-server.com/m6/go/icadeFY2017/lan/en***

*Conference ID: SFAF Icade English:* ***9228720***

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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 €10.8bn as of 12/31/17 on a proportionate consolidation basis) and as a property developer (2017 economic revenues of €1,209m), 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.icade.fr**

### CONTACTS

**Guillaume Tessler,**
Head of financial communication
and investor relations
+33(0)1 41 57 71 61
**guillaume.tessler@icade.fr**

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

APPENDICES

# December 31, 2017

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# 1. Group

## 1.1. Highlights of the financial year 2017

*Two years after announcing our strategic plan, Icade is delivering on its growth and performance ambitions:*

The Group has recorded strong performance, which is reflected in the significant increase in its leading indicators: Group NCCF at €4.77 per share (+8.3%) and EPRA triple net asset value up 7.8% to €84.8 per share.

Crédit Agricole Assurances increasing its stake in Icade has further strengthened the company's shareholding structure, as it is now 39% owned by Caisse des Dépôts et Consignations and 18% owned by Crédit Agricole Assurances. The free float represents 42% of market capitalisation.

On June 19, 2017, Crédit Agricole announced the acquisition of Groupama's stake in Icade, which represented 12.95% of the share capital. A shareholder since 2013, Crédit Agricole is represented on Icade's Board of Directors and has supported the implementation of the strategic plan. This move shows Crédit Agricole Assurances's confidence in the Icade's value creation potential in the coming years.

The shareholder agreement between CDC and Groupama became void as a result of the sale of Groupama's entire stake. On July 18, the Board of Directors thus acknowledged the resignation of the directors representing Groupama.

As of the end of 2017, Icade was ahead of schedule on its action plan. The target occupancy rates for offices and business parks were already achieved this year and the Property Development business's profitability improved substantially, with Return on Equity (ROE) at 12.5% for 2017, reaching the target ROE announced to the market one year earlier than expected.
Double-digit Share Price Total Shareholder Return (TSR) for the second year in a row: nearly 28% as of December 31, 2017. The Icade share outperformed its industry and peers. At the end of the reporting period, Icade's market capitalisation stood at about €6 billion.

*Continued positive momentum across our three business lines*

*Commercial Property Investment*

In 2017, asset rotation was particularly strong for the Commercial Property Investment Division, the most significant transaction being the acquisition of the listed company ANF Immobilier.
ANF Immobilier was acquired through the purchase on October 23, 2017 of Eurazeo's stake in ANF Immobilier (50.48% of share capital and 50.23% of voting rights) for €213 million. Following this acquisition, Icade crossed over the thresholds of 30% and 50% of the share capital and voting rights of ANF Immobilier, and as a result, it filed with the AMF a simplified public tender offer for ANF Immobilier shares on October 25, 2017.
On November 13, 2017, Icade acquired from Caisse d'Epargne CEPAC 1,219,914 shares representing the same number of voting rights of ANF Immobilier (i.e. 6.42% of the share capital and 6.39% of the voting rights) through an off-market acquisition. Lastly, the public tender offer took place from November 16, 2017 to December 6, 2017, at a price of €22.15 per share. Immediately following this offer, Icade owned 16,091,464 shares representing the same number of voting rights of ANF Immobilier, i.e. 84.65% of the share capital and at least 84.28% of this company's voting rights. Following the acquisitions (at a price of €22.15 per share) made as part of the share purchase mandate for ANF Immobilier shares signed between Icade and Natixis on December 19, 2017, Icade owned 16,190,546 shares representing 85.17% of the share capital and 84.91% of the voting rights as of December 31, 2017. These shares were purchased at a price that was less than €22.15 per share.
The portfolio of ANF Immobilier, which amounted to €457 million on a proportionate consolidation basis as of June 30, 2017 (€614 million on a full consolidation basis), primarily includes office buildings in Lyon, Marseille, Toulouse and Bordeaux. The portfolio's yield stands at 5.8%.

Icade also carried out the following acquisitions:

- acquisition of the "Le Ponant D" office building covering approximately 5,800-sq.m and located in the 15th district of Paris for €55.5 million (including duties, excluding fees), which is in addition to the 4 assets totalling 27,400 sq.m already owned by Icade on this site;
- off-plan agreement signed in July 2017 for a total of €137 million (excluding duties), to acquire a building located on avenue Gambetta in the 20th district of Paris. This 20,000-sq.m development includes offices and shops. Furthermore, Icade signed an off-plan lease for the retail section (3,300 sq.m) of the development.

Asset disposals represented an aggregate amount of €256.0 million, relating primarily to the sale of three office buildings (Seine, Rhône and Garonne) in Villejuif for €226.0 million (including duties) to the French bank LCL.

Meanwhile, leasing activity was especially robust for the Commercial Property Investment Division, with:

- The signing of an off-plan lease agreement subject to conditions precedent with TechnipFMC, for approximately 51,000 sq.m in the Origine building for a term of 9 years with no break option. This major project developed by Icade is expected to be completed in 2020;
- Furthermore, during the financial year 2017, Icade signed 139 new leases for a combined floor area of 160,170 sq.m, representing €34.4 million in headline rental income, including the lease signed with Groupama for the Fontanot building in Nanterre, which extends to 15,700 sq.m;
  In 2017, exits from the portfolio of leased space represented 71,200 sq.m, equivalent to €17.4 million of annual rental income.

- 57 leases were renewed for a total floor area of 152,175 sq.m, including those with LCL in the Loire and Rhin buildings in Villejuif (29,772 sq.m).

The spot financial occupancy rate of the Commercial Property Investment Division reached 92.5% as of December 31, 2017, an increase of 1.4 pp compared to December 31, 2016. It was fuelled by an increase in its two main types of assets: offices (95.3%, i.e. +0.9 pp) and business parks (89.3%, i.e. +1.7 pp). Icade reached one of the key objectives from its strategic plan announced in 2015.

*Healthcare Property Investment*

The Healthcare Property Investment Division continued to consolidate its leading position through acquisition-led growth and development projects:

- Acquisitions for a total of €229.4 million, relating mainly to five healthcare facilities under long leases, with an average remaining term of 10.7 years, which will provide secure income streams to the Healthcare Property Investment Division;
- Investments in development projects, with €125.3 million spent in 2017.

Also significant for the Healthcare Property Investment Division was the innovative and promising development partnership that was formed with Korian, the leading player in the nursing home segment: Under this partnership, Icade Promotion will be in charge of developing an initial set of 16 new facilities (nursing homes and post-acute care facilities) in France for a total of €175 million. Korian and Icade Santé retain the option to act as investors, on a case-by-case basis.

*Property Development*

2017: A roadmap based on growth and performance; results showing a strong improvement and supporting our ambition to bring our financial performance into line with that of our industry peers by the end of 2018.
As of the end of 2017, the economic revenue of the Property Development Division reached €1,208.6 million, rising by as much as 20.3% compared to 2016:

- +21.0% for the Residential Property Development Division;
- +18.8% for the Commercial Property Development Division.

As of the end of 2017, the land portfolio of the Property Development Division represented over €2.4 billion in potential revenues (i.e. +12.5% from 2016) and a backlog of €1,643.6 million (i.e. +2.9%).
These positive results, combined with a disciplined management of the capital allocated to this activity, made it possible for Icade Promotion to achieve its target ROE of 'over 12%' one year earlier than announced in its strategic plan.

*Stronger synergies between Property Investment and Property Development*

The expected synergies became a reality in 2017, with a potential revenue of €370 million in total, including primarily:

- A framework agreement signed with Latécoère regarding the company's historic site in Toulouse. The development programme provides for the completion of Latécoère's new headquarters in 2019 (an off-plan lease agreement has already been signed for a floor area of over 11,000 sq.m), where Icade's Commercial Property Investment Division will be the investor. The development will total about 70,000 sq.m. The Property Development Division will build the housing section of the project (831 units totalling 55,200 sq.m);
- Development by the Property Development Division of about 1,300 housing units (80,000 sq.m) on land owned by the Commercial Property Investment;
- Korian partnership developed in synergy with the Healthcare Property Investment Division (16 new buildings to be completed by 2024);
- Development by the Property Development Division of an 84-room hall of residence (Poissonniers project);
- Five healthcare property development projects on behalf of third parties (operators of Icade Santé's properties and physicians).

*Gradual increase in the value of Icade's property portfolio and diversification of the commercial property portfolio outside the Paris region thanks to the acquisition of ANF and the operational achievements that had a positive impact on asset value*

The value of the whole property portfolio (on a proportionate consolidation basis) stood at €10.8 billion, up 11.1% from December 31, 2016. It expanded by 3.0% on a like-for-like basis, including:

- +3.3% in the healthcare segment;
- +3.9% in the office segment;
- +1.9% in the business park segment.

*Another highlight of the financial year was the continued debt restructuring programme and the issuance of a Green Bond fully in line with the proactive CSR policy pursued by Icade*

After a year 2016 marked by significant restructuring in the company's liabilities, in 2017 Icade continued its policy of optimising its funding structure, in a favourable market environment, allowing the company to:

- Maintain its average debt maturity above 6.5 years;
- Lower significantly the average cost of debt to 1.59% in 2017, compared to 2.18% in 2016.

The year 2017 was also marked by the issuance in early September of an Inaugural Green Bond for a total of €600 million, with a maturity of 10 years and an annual coupon of 1.5%. These funds were raised with an 80-bp spread over the reference rate and a near-zero premium.

On August 30, 2017, 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.

2017 also saw Icade climb to the top of ESG rankings from rating agencies GRESB, EPRA and Vigeo. These ESG ratings reflect the quality and relevance of Icade's CSR policy.

## 1.2. Events after the balance sheet date

During their respective meetings held on February 9, 2018 and February 8, 2018, the Board of Directors of Icade and the Supervisory Board of ANF Immobilier approved the principle of a merger which, subject to satisfaction of certain conditions precedent, should take place before the summer of 2018.

According to the indicative range for the exchange ratio, the shareholders of ANF Immobilier would receive between 0.25 and 0.30 Icade share for 1 ANF Immobilier share.

## 1.3. Income and cash flow statements

### 1.3.1. IFRS consolidated income statement

In 2017, IFRS net profit/(loss) attributable to the Group stood at €170.3 million, a very substantial improvement compared to 2016, driven by positive trends in all contributing factors:

- A significant improvement in operating activities across the three business lines;
- Rising income from asset disposals;
- A significant reduction in the cost of net debt;
- And, to a lesser extent, the recognition of accrued extraordinary income for the refund by the tax authorities of a 3% tax paid on dividends.

The following presentation of the income statement, with a breakdown between current and non-current items, makes it possible to identify the Group's net current cash flow as of December 31, 2017 and the other non-current items.

| | 12/31/2017 | | | 12/31/2016 | | | |
|---|---|---|---|---|---|---|---|
| *(in millions of euros)* | Current | Non-current | Total | Current | Non-current | Total | Change |
| REVENUE | 1,654.2 | | 1,654.2 | 1,492.7 | | 1,492.7 | 10.8% |
| EBITDA | 534.9 | | 534.9 | 521.1 | | 521.1 | 2.6% |
| OPERATING PROFIT/(LOSS) | 552.9 | (229.1) | 323.7 | 538.2 | (275.5) | 262.7 | 23.2% |
| FINANCE INCOME/(EXPENSE) | (92.7) | (34.0) | (126.7) | (113.3) | (50.2) | (163.6) | 22.5% |
| NET PROFIT/(LOSS) | 430.8 | (227.7) | 203.1 | 397.7 | (308.8) | 88.9 | 128.5% |
| NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP | 353.2 | (182.9) | 170.3 | 325.4 | (267.5) | 58.0 | 193.9% |
| **NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP (in euros per share after dilution)** | **4.77** | **(2.47)** | **2.30** | **4.41** | **(3.62)** | **0.78** | |

### 1.3.2. Group net current cash flow

Group net current cash flow is one of Icade's key indicators as it reflects the operating and financial performance of the Commercial 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 Commercial 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 8.5% to €353.2 million (€4.77 per share) as of December 31, 2017, vs. €325.4 million as of December 31, 2016 (€4.41 per share).

| *(in millions of euros)* | 12/31/2017 | 12/31/2016 | Year-on-year change |
|---|---|---|---|
| **Total Group** | 353.2 | 325.4 | 8.5% |
| **Total Group - in euros per share** | **4.77** | **4.41** | **8.3%** |

### 1.3.3. Segment reporting

As of December 31, 2017, segment reporting is divided into four main categories: Commercial Property Investment Division, Healthcare Property Investment Division, Property Development Division and "Other".

| *(in millions of euros)* | 12/31/2017 | | | | 12/31/2016 | | | | Year-on-year change | |
|---|---|---|---|---|---|---|---|---|---|---|
| | EPRA earnings from Property Investment | % | NCCF | % | EPRA earnings from Property Investment | % | NCCF | % | EPRA earnings from Property Investment | NCCF |
| Commercial Property Investment | 223.2 | 69.9% | 231.5 | 65.5% | 205.6 | 69.3% | 213.9 | 65.7% | 8.5% | 8.2% |
| Healthcare Property Investment | 96.0 | 30.1% | 96.0 | 27.2% | 91.2 | 30.7% | 91.2 | 28.0% | 5.2% | 5.2% |
| **Total Property Investment (a)** | **319.1** | **100.0%** | **327.4** | **92.7%** | **296.8** | **100.0%** | **305.1** | **93.7%** | **7.5%** | **7.3%** |
| Property Development | | | 30.4 | 8.6% | | | 22.2 | 6.8% | | 36.5% |
| Other (b) | | | (4.6) | (1.3%) | | | (1.9) | (0.6%) | | N/A |
| **Total Group** | | | **353.2** | **100.0%** | | | **325.4** | **100.0%** | | **8.5%** |
| **Total Group - in euros per share** | **4.31** | | **4.77** | | **4.02** | | **4.41** | | **7.3%** | **8.3%** |

*(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 Commercial Property Investment Division, the Healthcare Property Investment Division and the Property Development Division all posted growing NCCF—8.2%, 5.2% and 36.5%, respectively.
As of December 31, 2017, the contribution to Group net current cash flow of the Commercial Property Investment Division was 65.5%, that of the Healthcare Property Investment Division was 27.2%, and that of the Property Development Division was 8.6%.

## 1.4. EPRA reporting as of December 31, 2017

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 includes the Commercial and the 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).

### 1.4.1. EPRA net asset value as of December 31, 2017

The NAV is the main indicator of the Company's year-on-year value creation efficiency. It measures the value of Icade, after distribution of dividends, based on two parameters: on the one hand, the changes in equity, and on the other hand, the changes in value of asset portfolios, liabilities and Icade Promotion.
The Icade Group's triple net asset value stood at €6,273.8 million as of December 31, 2017 (€84.8 per share), a significant improvement of +7.8% compared to December 31, 2016.

| (in millions of euros) | | 12/31/2017 | 06/30/2017 | 12/31/2016 |
|---|---|---|---|---|
| Consolidated equity attributable to the Group[(a)] | (1) | 3,336.3 | 3,229.2 | 3,435.2 |
| Impact of dilution from securities convertible or exchangeable into Icade shares[(b)] | (2) | 0.0 | 0.0 | 0.0 |
| Unrealised capital gains on property assets and property development companies | (3) | 3,098.7 | 2,689.3 | 2,528.5 |
| Tax on unrealised capital gains | (4) | (16.5) | (10.2) | (10.3) |
| Revaluation of fixed-rate debt | (5) | (144.7) | (98.8) | (132.4) |
| **EPRA triple net asset value attributable to the Group** | **(6)=(1)+(2)+(3)+(4)+(5)** | **6,273.8** | **5,809.4** | **5,820.9** |
| **(in euros per share)** | **(6)/n** | **84.8** | **78.6** | **78.7** |
| ***Year-on-year change*** | | **7.8%** | | |
| Adjustment for tax on unrealised capital gains | (7) | 16.5 | 10.2 | 10.3 |
| Adjustment for revaluation of fixed-rate debt | (8) | 144.7 | 98.8 | 132.4 |
| Adjustment for revaluation of interest rate hedges | (9) | (7.5) | (7.0) | 1.2 |
| **EPRA net asset value attributable to the Group** | **(10)=(6)+(7)+(8)+(9)** | **6,427.5** | **5,911.5** | **5,964.9** |
| **(in euros per share)** | **(10)/n** | **86.9** | **79.9** | **80.6** |
| ***Year-on-year change*** | | **7.8%** | | |
| | | | | |
| **Number of fully diluted shares[(c)]** | n | 73,978,328 | 73,949,951 | 73,987,751 |

*(a) Including Net profit attributable to the Group of +€170.3 million for 2017. This 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) Stands at 73,978,328 as of December 31, 2017, after cancelling treasury shares (-206,644 shares) and the positive impact of dilutive instruments (+73,786 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 12/31/2016 (in euros per share)** | **€78.7** |
|---|---|
| Dividends paid in H1 | €(4.0) |
| Consolidated profit/(loss) for the year attributable to the Group[(a)] | +€2.3 |
| Changes in fair value of financial derivatives | +€0.3 |
| Changes in unrealised capital gains on property assets and Property Development companies | +€7.7 |
| Changes in fair value of fixed-rate debt | €(0.2) |
| Impact of the change in number of diluted shares on NAV per share | €(0.0) |
| Other | €(0.0) |
| **EPRA TRIPLE NAV ATTRIBUTABLE TO THE GROUP AS OF 12/31/2017 (in euros per share)** | **€84.8** |

*(a) This includes income of €0.5 per share 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.*

The favourable trend in EPRA triple net asset value results 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 Commercial and Healthcare Property Investment divisions;
- The significant rise in the values of the Group's property development companies in a context of strong increase in the profitability of the division and positive medium-term outlook;

It should also be noted that the change in equity includes the distribution of a dividend of €4.00 per share, i.e. 90.7% of 2016 Group net current cash flow, and the recognition of accrued extraordinary income of €35.0 million to be received from the tax administration for the refund request submitted in respect of the 3% tax paid on dividends.

### 1.4.2. EPRA earnings from Property Investment

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

| | (in millions of euros) | 12/31/2017 | 12/31/2016 | Year-on-year % change |
|---|---|---|---|---|
| | NET PROFIT/(LOSS) | 203.1 | 88.9 | |
| | Net profit/(loss) from other activities (a) | 44.1 | 32.9 | |
| (a) | NET PROFIT/(LOSS) FROM PROPERTY INVESTMENT | 159.0 | 56.0 | |
| (i) | Changes in value of investment properties and depreciation charges | (282.6) | (263.9) | |
| (ii) | Profit/(loss) from asset disposals | 75.1 | 19.1 | |
| (iii) | Profit/(loss) from acquisitions | (7.0) | (0.6) | |
| (iv) | Tax on profits from disposals and impairments | | | |
| (v) | Negative goodwill / goodwill impairment | 0.1 | 1.9 | |
| (vi) | Changes in fair value of financial instruments and restructuring of financial liabilities | (34.2) | (50.3) | |
| (vii) | Acquisition costs on share deals | | | |
| (viii) | Tax expense related to EPRA adjustments | 20.5 | 5.5 | |
| (ix) | Adjustment for equity-accounted companies | (7.2) | (22.7) | |
| (x) | Non-controlling interests (Healthcare Property Investment) | 75.2 | 70.2 | |
| (b) | TOTAL ADJUSTMENTS | (160.1) | (240.9) | |
| **(a-b)** | **EPRA EARNINGS FROM PROPERTY INVESTMENT** | **319.1** | **296.8** | **7.5%** |
| | Average number of diluted shares outstanding used in the calculation | 73,971,634 | 73,848,960 | |
| | **EPRA EARNINGS FROM PROPERTY INVESTMENT IN € PER SHARE** | **€4.31** | **€4.02** | **7.3%** |

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

EPRA earnings from Property Investment totalled €319.1 million as of December 31, 2017, up +7.5% year-on-year. This significant increase was driven by strong operational performance in both Commercial and Healthcare Property Investment.

### 1.4.3. 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 Santé and ANF Immobilier.

| | 12/31/2017 | 06/30/2017 | 12/31/2016 |
|---|---|---|---|
| ICADE NET YIELD[(a)] | 6.1% | 6.2% | 6.4% |
| Impact of estimated duties and fees | (0.3)% | (0.3)% | (0.3)% |
| Adjustment for potential rental income from vacant properties | (0.3)% | (0.4)% | (0.4)% |
| EPRA TOPPED-UP NET INITIAL YIELD[(b)] | 5.4% | 5.4% | 5.7% |
| Inclusion of rent-free periods | (0.3)% | (0.5)% | (0.6)% |
| EPRA NET INITIAL YIELD[(c)] | 4.9% | 5.0% | 5.1% |

(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 EPRA net initial yield was down 0.2 pp compared to December 31, 2016, mainly due to a like-for-like increase in appraised values of €283.8 million (+3.0% for the entire portfolio).

### 1.4.4. 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. Properties under development are not included in the calculation of this ratio.
Below are detailed figures concerning the vacancy rate, in accordance with the definition recommended by EPRA, for the Commercial Property Investment portfolio after adjustment for non-controlling interests in Icade Santé and ANF Immobilier.

| | 12/31/2017 | 06/30/2017 | 12/31/2016 |
|---|---|---|---|
| Total office and business park assets | 7.8% | 8.3% | 9.0% |
| Other assets | 0.0% | 16.2% | 16.5% |
| **COMMERCIAL PROPERTY INVESTMENT DIVISION (excluding Residential)** | **7.7%** | **8.4%** | **9.1%** |
| **HEALTHCARE PROPERTY INVESTMENT DIVISION (based on proportionate consolidation)** | **0.0%** | **0.0%** | **0.0%** |
| **TOTAL PROPERTY INVESTMENT (excluding Residential)** | **6.1%** | **6.6%** | **7.1%** |

The EPRA vacancy rate was down 1.0 pp year-on-year, thanks to improved financial occupancy during the period. This is the result of proactive efforts to build loyalty among the tenants and to attract new ones. It can also be explained by the integration of ANF Immobilier, which shows a lower vacancy rate than the portfolio average.

### 1.4.5. EPRA cost ratio for the Property Investment Division

Below are detailed figures concerning the cost ratio of the Commercial Property Investment Division (excluding the Residential Property Investment Division and after adjustment for non-controlling interests in ANF Immobilier) and the Healthcare Property Investment Division (after adjustment for non-controlling interests).

| | | 12/31/2017 | 12/31/2016 |
|---|---|---|---|
| | **Including:** | | |
| (i) | Structural costs and other overhead costs | (100.9) | (87.5) |
| (ii) | Service charges net of recharges to tenants | (29.4) | (30.8) |
| (iii) | Management fees net of actual/estimated profit element | | |
| (iv) | Other recharges intended to cover overhead expenses | 42.9 | 41.8 |
| (v) | Share of equity-accounted companies of overheads and expenses | (4.0) | (2.4) |
| (vi) | Share of non-controlling interests of overheads and expenses | 7.4 | 6.9 |
| | **Excluding:** | | |
| (vii) | Depreciation of investment properties | - | - |
| (viii) | Ground rent costs | (2.2) | (2.1) |
| (ix) | Other service charge costs recovered through rents but not separately invoiced | (0.2) | (0.1) |
| **(A)** | **EPRA COSTS (INCLUDING DIRECT VACANCY COSTS)** | **(81.5)** | **(69.8)** |
| **(x)** | **Direct vacancy costs** | **(21.0)** | **(27.7)** |
| **(B)** | **EPRA COSTS (EXCLUDING DIRECT VACANCY COSTS)** | **(60.5)** | **(42.2)** |
| (xi) | Gross rental income less ground rent costs | 574.2 | 570.1 |
| (xii) | Other service charge costs recovered through rents but not separately invoiced | | |
| (xiii) | Plus: share of equity-accounted companies of rental income less ground rent costs | 9.6 | 9.0 |
| (xiv) | Share of non-controlling interests of rental income less ground rent costs | (95.2) | (90.2) |
| **(C)** | **GROSS RENTAL INCOME** | **488.6** | **488.9** |
| **(A/C)** | **EPRA COST RATIO - PROPERTY INVESTMENT (INCL. DIRECT VACANCY COSTS)** | **16.7%** | **14.3%** |
| **(B/C)** | **EPRA COST RATIO - PROPERTY INVESTMENT (EXCL. DIRECT VACANCY COSTS)** | **12.4%** | **8.6%** |

Following a like-for-like improvement in occupancy in the past 24 months and, at the end of 2016, the disposal of the business parks that strongly contributed to the vacancy rate, vacancy costs went down by as much as -24.0% compared to 2016.

Nevertheless, the EPRA cost ratio increased between 2016 and 2017:

- +2.4 pps including vacancy costs;
- +3.8 pps excluding vacancy costs.

This change is due in particular to:

- an increase in structural costs and other overhead costs of €13.4 million, most of which relates to:
  - non-recurring costs related to the relocation of Icade's headquarters to the Open building;
  - the impact of introducing the bonus share plan at the end of 2016;
  - the development of operational expertise in connection with the expansion of Icade's main business lines. However, Icade was able to keep the costs of support functions stable compared to 2016.

- A year-on-year increase in service charges net of recharges to tenants of €1.4 million. However, these include provisions net of non-recurring reversals for compensation payments for termination of lease in relation to future development projects, for €3.0 million.

It should also be noted that the 2017 EPRA cost ratio includes the expenses and income of the company ANF Immobilier (on a proportionate consolidation basis) since its acquisition by Icade at the end of 2017.

After adjustment for non-recurring items and the impact of changes in scope of consolidation due to the ANF Immobilier acquisition, the EPRA cost ratio shows an increase compared to December 31, 2016:

- +1,1 pp including vacancy costs (from 14.3% at the end of 2016 to 15.4% at the end of 2017);
- +2,5 pps excluding vacancy costs (from 8.6% at the end of 2016 to 11.0% at the end of 2017).

## 1.5. Financial resources

Against a backdrop of favourable financing conditions, Icade continued the optimisation of its financial resources.

In September 2017, Icade issued its first 10-year, €600 million euro-denominated Green bond, with an attractive margin of 80 bps above the benchmark rate and a near-zero risk premium (i.e. a 1.50% coupon). This new bond issue was substantially oversubscribed, taken up by both French and international investors, including SRI investors. Such enthusiasm underscores the confidence these investors have in both Icade's creditworthiness and the high environmental quality of the assets financed through the funds raised. The proceeds from this issue will be used to finance or refinance assets and Green projects for the Commercial Property Investment Division, based on stringent eligibility criteria. These criteria have been selected to reflect Icade's environmental policy, which covers the entire life cycle of the properties including the environmental quality of new properties, improvement projects for the existing property portfolio, support for tenants and access to low-impact transport.

This Green issue complies with "Green Bond Principles 2017" issued by the International Capital Market Association (ICMA) and is subject to an independent second party opinion provided by Sustainalytics, a non-financial rating agency (available on the Icade website).

Over the course of 2017, the Group also carried out a number of major financial transactions:

- optimisation of Icade's interest rate hedging structure through the purchase of €300 million in long-term forward swaps in an environment of historically low rates;
- prepayment of €282 million in bank debt with a low average maturity replaced by new bank debt for €300 million with a 7-year maturity;
- prepayment of private placement debt (USPP) for a total of €84.5 million with a fixed rate of 5.07%;
- new bank debt facilities and mortgage financing secured for €208.4 million and new swaps purchased for €198.6 million for Icade Santé.

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.
The average cost of drawn debt stood at a historical low of 1.59% (after hedging) in 2017, with average debt maturity nearly constant over the year, at 6.5 years as of December 31, 2017.
At year-end, the LTV ratio stood at 41.0% in the context of a stepped-up acquisition plan—the ANF Immobilier transaction has made it possible to carry out the investment plan outside the Paris region which was scheduled over the next two years. Icade has informed the market that its LTV ratio should stabilise around 40% no later than the end of 2019.
The interest coverage ratio (ICR) based on EBITDA increased sharply to 6.53x.
Icade's balance sheet fundamentals have remained strong.

### 1.5.1. Cash

Icade's financial resources were strengthened during 2017 by renewing existing credit lines, setting up new ones and increasing the outstanding amount of NEU Commercial Paper. The main financing transactions were as follows:

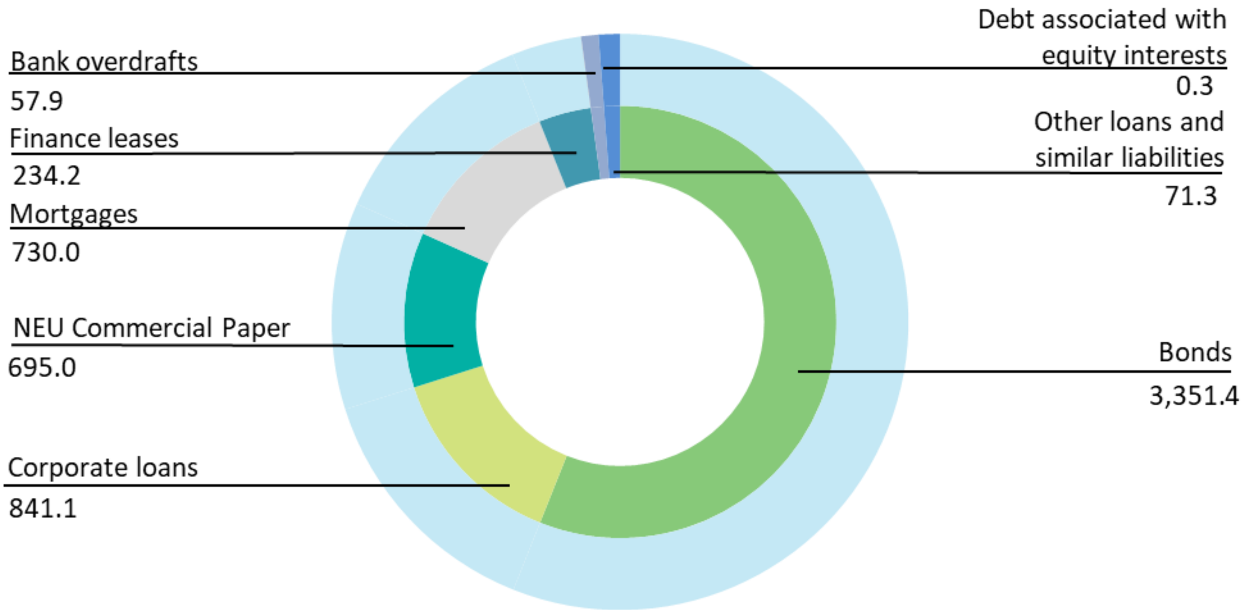
- cancellation of €230 million in revolving credit;
- €400 million in new medium- and long-term revolving credit lines;
- issue of NEU Commercial Paper to reach an outstanding amount of €695 million at the end of the year (€166.5 million increase between December 31, 2016 and December 31, 2017).

Icade now has fully-available undrawn amounts from short- and long-term credit lines of €1,750 million compared with €1,580 million as of December 31, 2016. These undrawn amounts as of December 31, 2017 cover more than three years of debt principal and interest payments.

## 1.5.2. Debt structure as of December 31, 2017

### 1.5.2.1. Debt by type

As of December 31, 2017, gross financial liabilities stood at €5,981.1 million and broke down as follows:




As of December 31, 2016, gross financial liabilities amounted to €4,849.0 million. The €1,132.1 million change is explained in the following graph:


Net financial liabilities amounted to €5,471.0 million as of December 31, 2017, representing an increase of €1,019.7 million compared to December 31, 2016.
This trend is explained by higher short-term financial liabilities as the outstanding amount of NEU Commercial Paper was increased, and higher medium- and long-term financial liabilities as a Green Bond was issued and new bank financing was obtained.

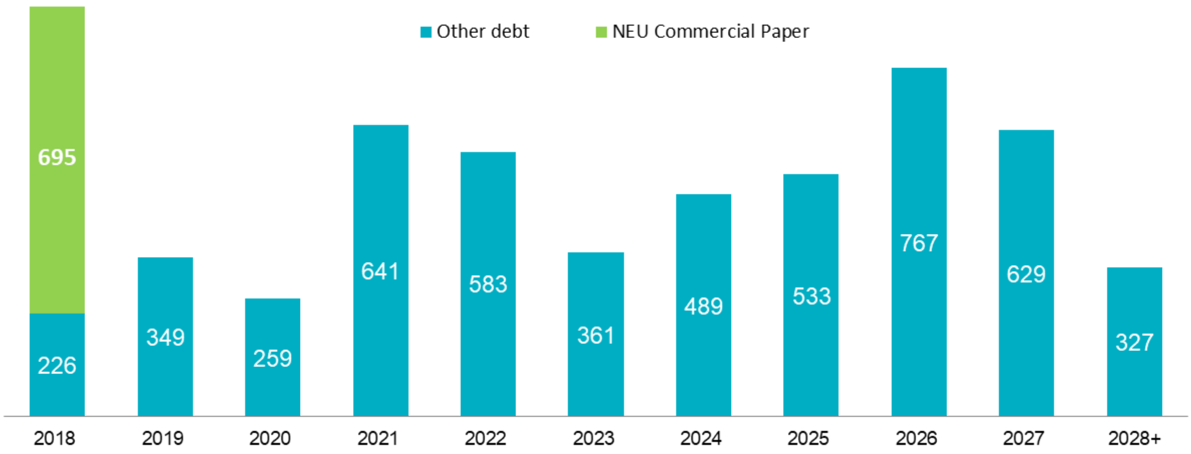
The new debt facilities secured in 2017 have an average credit margin of 85 bps and an average maturity of 8.6 years and represent a total of €1,108.4 million (excluding NEU Commercial Paper and revolving credit).

### 1.5.2.2. Debt by maturity date

The maturity schedule of debt drawn by Icade (excluding overdrafts) as of December 31, 2017 is as follows:

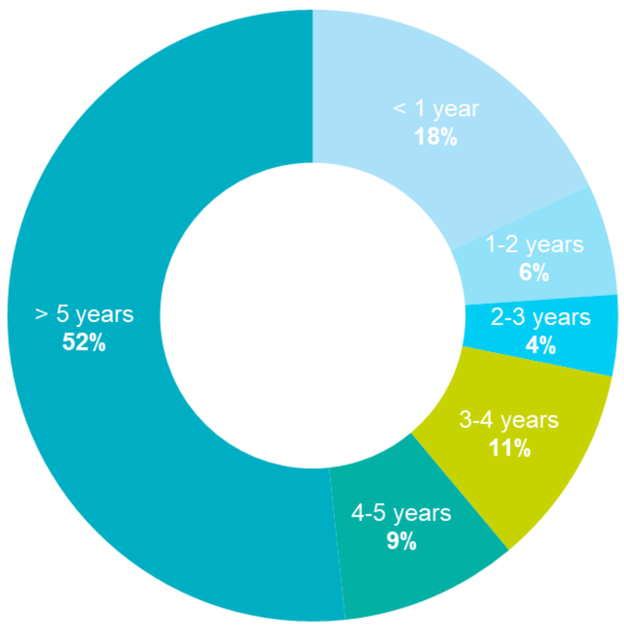
**MATURITY SCHEDULE OF DRAWN DEBT**

***(December 31, 2017, in millions of euros)***




**BREAKDOWN OF DEBT BY MATURITY**

***(December 31, 2017)***




The average debt maturity was 6.5 years as of December 31, 2017 (excluding NEU Commercial Paper), stable on a year-on-year basis.

### 1.5.2.3. Debt by division

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

### 1.5.2.4. Average cost of debt

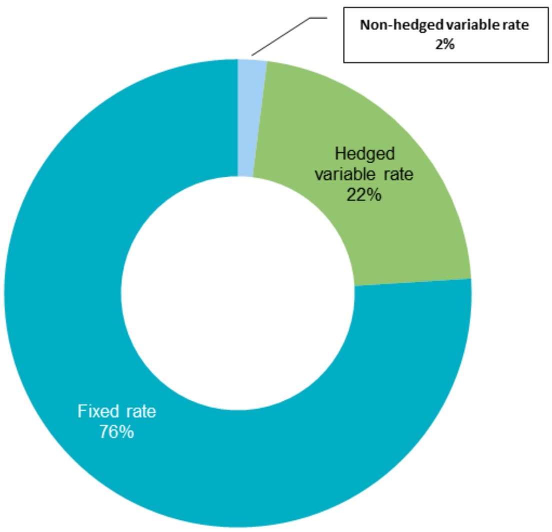
In 2017, the average cost of debt was 1.50% before hedging and 1.59% after hedging, compared with 1.80% and 2.18% in 2016, respectively.
This strong decrease in the average cost of debt between 2016 and 2017 was achieved through the proactive management of existing debt and interest rate hedges.

### 1.5.2.5. Management of interest rate risk exposure

Variable rate debt represented nearly 24% of total debt as of December 31, 2017 (excluding debt associated with equity interests and bank overdrafts).
In 2017, 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 €498.6 million swaps taken out, €300 million are forward-start swaps. As of December 31, 2017, hedged variable rate debt accounted for 22% of total debt while unhedged variable rate debt accounted for 2% of total debt.

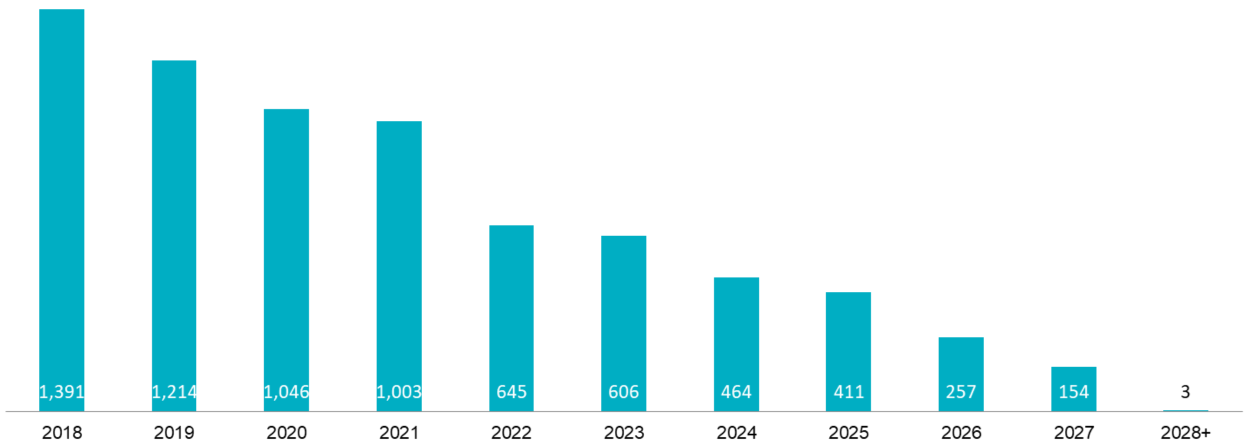
**BREAKDOWN OF DEBT BY TYPE OF RATE (EXCLUDING LIABILITIES ASSOCIATED WITH EQUITY INTERESTS AND BANK OVERDRAFTS)**

***(December 31, 2017)***




**OUTSTANDING HEDGING POSITIONS**

***(December 31, 2017, 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 the financial assets and the new hedges entered into:

| (in millions of euros) | Financial assets (A) Fixed rate | Financial assets (A) Variable rate | Financial liabilities (B) Fixed rate | Financial liabilities (B) Variable rate | Net exposure before hedging (C) = (B) - (A) Fixed rate | Net exposure before hedging (C) = (B) - (A) Variable rate | Interest rate hedging instruments (D) Fixed rate | Interest rate hedging instruments (D) Variable rate | Net exposure after hedging (E) = (D) - (C) Fixed rate | Net exposure after hedging (E) = (D) - (C) Variable rate |
|---|---|---|---|---|---|---|---|---|---|---|
| | 12/31/2017 | | | | | | | | | |
| < 1 year | 20.8 | 466.9 | 731.5 | 342.2 | 710.7 | (124.7) | - | 215.5 | (710.7) | 340.2 |
| 1 to 2 years | - | - | 257.5 | 92.4 | 257.5 | 92.4 | - | 196.1 | (257.5) | 103.7 |
| 2 to 3 years | - | - | 12.1 | 247.2 | 12.1 | 247.2 | - | 167.9 | (12.1) | (79.2) |
| 3 to 4 years | - | - | 479.8 | 161.3 | 479.8 | 161.3 | - | 43.0 | (479.8) | (118.2) |
| 4 to 5 years | 0.1 | - | 492.8 | 71.0 | 492.7 | 71.0 | - | 358.1 | (492.7) | 287.0 |
| > 5 years | 27.5 | 0.1 | 2,489.1 | 604.3 | 2,461.6 | 604.1 | - | 644.6 | (2,461.6) | 40.4 |
| **TOTAL** | **48.4** | **467.0** | **4,462.8** | **1,518.3** | **4,414.3** | **1,051.3** | **-** | **1,625.1** | **(4,414.3)** | **573.8** |

The average maturity is 4.3 years for variable rate debt and 6.2 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.

### 1.5.3. Credit rating

Icade has been rated by the Standard & Poor's rating agency since September 2013.
After its annual review, in August 2017, Standard & Poor's affirmed Icade's long-term rating at BBB+ with a stable outlook and its short-term rating at A2. The agency also specified that the acquisition of ANF Immobilier and its limited impact on the LTV ratio did not affect the Group's credit rating.

### 1.5.4. Financial structure

#### 1.5.4.1. Financial structure ratios

**1.5.4.1.1. 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 (total share) plus the value of property development companies, stands at 41.0% as of December 31, 2017 (compared with 37.9% as of December 31, 2016).
The level recorded on December 31, 2017 is in line with Icade's policy (LTV around 40%) 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 38,8% as of December 31, 2017.
The LTV ratio calculated as part of bank covenants stood at 42.8%, well below the maximum level of 52% provided for in the bank agreements.

**1.5.4.1.2. ICR (Interest Coverage Ratio)**

The interest coverage ratio based on EBITDA plus the Group's share in profit/(loss) of equity-accounted companies was 6.53x for the financial year 2017. This ratio, which was calculated using the same method as in 2016, increased on a year-over-year basis (4.71x in 2016) and its level demonstrates the Company's ability to comfortably comply with its bank covenants (see table below).

| | 12/31/2017 | 12/31/2016 |
|---|---|---|
| Ratio of net financial liabilities/asset value (LTV)[a] | 41.0% | 37.9% |
| Interest coverage ratio (ICR) based on EBITDA plus the Group's share in profit/(loss) of equity-accounted companies | 6.53x | 4.71x |

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

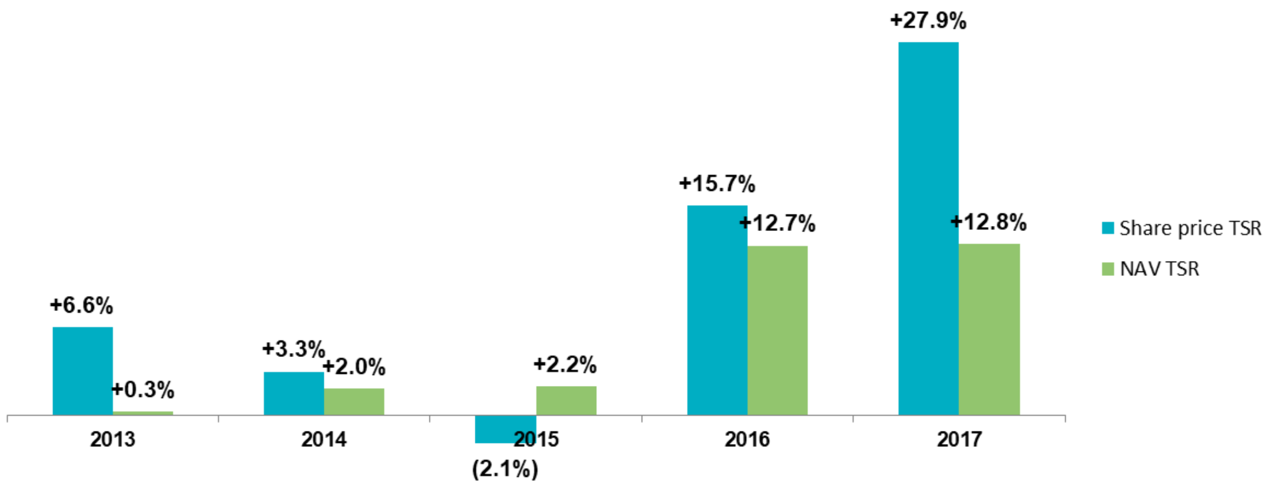
### 1.5.4.2. Table of covenants

| | | Covenants | 12/31/2017 |
|---|---|---|---|
| LTV bank covenant | Maximum | < 52% | 42.8% |
| ICR | Minimum | > 2 | 6.53x |
| CDC's stake | Minimum | 34% | 38.99% |
| Value of Property Investment assets [(a)] | Minimum | From > €1.7bn to > €7bn | €12.8bn |
| Debt from Property Development subsidiaries / consolidated gross debt | Maximum | < 20% | 0.7% |
| Security interests in assets | Maximum | < 20% of property investment assets | 7.5% |

*(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, 8% of the debt has a limit of €2 billion, 12% of the debt has a limit of €5 billion and the remaining 74% has a limit of €7 billion.*

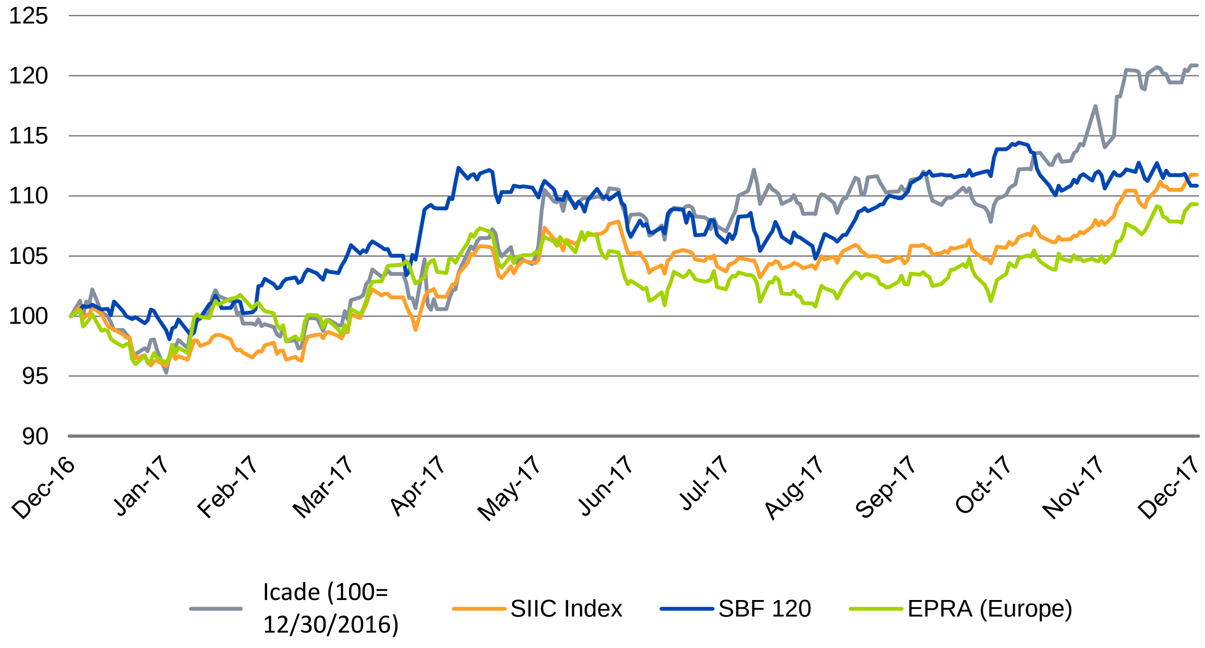
All covenants were met as of December 31, 2017, and remain comfortably within the limits.

## 1.6. Share performance and NAV performance




The Icade share, which stood at €82.9 as of December 31, 2017, outperformed the SIIC/Foncière France (Euronext) and EPRA Europe indices in 2017, with a market return of 20.9% and a total shareholder return, with dividends reinvested, around 27.9%.
It 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 2017 TSR, €4.00 are assumed to be reinvested at the closing share price on April 25, 2017), 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 +12.8% in 2017 after +12.7% in 2016.
The NAV TSR is the difference between the triple net asset value per share at the end of the previous financial year and that recorded at the end of the financial year under consideration (including, for the purpose of calculating 2017 TSR, the €4.00 dividend paid during the period), divided by the triple net asset value per share at the end of the previous financial year.

**Icade's share price vs. EPRA Europe, SIIC Index and SBF 120**
**from 12/30/2016 to 12/29/2017 (100 = Icade's share price as of 12/30/2016)**




## 1.7. Outlook

Icade's priorities for the year 2018 are:

- Continue value creating development projects;
- Diversify Icade Santé into the nursing home segment (EPHAD) and prepare for international expansion;
- Maintain rigorous liability management (hedging, maturities, LTV, etc.);

In addition, the awarding of the 2024 Olympic Games to Paris will allow Icade to step up the development of 650,000 sq.m and of the 332,000 sq.m of land plots it owns in the north of Paris (19th district of Paris/Aubervilliers/Saint-Denis) at the heart of the future Olympic infrastructure.
From an operational perspective, the Commercial and Healthcare Property Investment divisions also have a €2.1 billion development pipeline on plots of land for which construction projects are under development.

**In 2018, Group net current cash flow per share should grow by "about 5%" compared with 2017.**

Ahead of schedule in carrying out its strategic plan and bolstered by the Board of Directors and its largest shareholders, Icade is currently drafting its 2019/2023 strategic plan which will be presented before the end of H1 2018.

# 2. Property Investment Divisions

## 2.1. 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 Commercial Property Investment Division's portfolio consists primarily of office assets located in the Paris region but also, since 2017, of office buildings in major cities outside the Paris region. The whole portfolio is valued at €8.5 billion on a proportionate consolidation basis (€8.8 billion on a full consolidation basis). It can be broken down between office buildings valued at €4.7 billion and business parks (also mainly composed of office assets) valued at €3.6 billion. It also includes a portfolio of hotels as a result of acquiring ANF Immobilier and a portfolio of residual assets, made up of warehouses and housing units (worth €183 million as of December 31, 2017, i.e. 2.1% of the Commercial Property Investment Division's portfolio).
- The Healthcare Property Investment Division, whose activities are carried out through 56.51% owned Icade Santé (and its subsidiaries). The Division is valued at €2.3 billion (€4.0 billion on a full consolidation basis), is mainly made up of private healthcare properties such as medicine, surgery and obstetrics (MSO) facilities and post-acute care (PAC) facilities.

### 2.1.1. EPRA income statement for the Property Investment Division

The following table summarises the IFRS income statement for the Commercial and Healthcare Property Investment divisions.
The column "EPRA earnings from Property Investment (Recurring)" is the main indicator used to analyse the financial results of these two divisions.
This indicator stood at €319.1 million as of December 31, 2017, a significant increase of 7.5% compared to 2016 (see the analysis for each Property Investment division in the following pages).

| | 12/31/2017 | | | 12/31/2016 | | |
|---|---|---|---|---|---|---|
| *(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 | 590.2 | - | 590.2 | 587.0 | - | 587.0 |
| Land-related costs | (2.2) | - | (2.2) | (2.1) | - | (2.1) |
| Service charges not recovered from tenants | (27.0) | - | (27.0) | (34.0) | - | (34.0) |
| Property operating expenses | (8.9) | - | (8.9) | (5.9) | - | (5.9) |
| NET RENTAL INCOME | 552.2 | - | 552.2 | 545.0 | - | 545.0 |
| *Margin rate (net rental income / gross rental income)* | *93.6%* | *0.0%* | *93.6%* | *92.8%* | *0.0%* | *92.8%* |
| Net operating costs | (61.1) | - | (61.1) | (50.2) | - | (50.2) |
| Profit/(loss) from other activities | (0.3) | - | (0.3) | (1.0) | - | (1.0) |
| EBITDA | 490.8 | - | 490.8 | 493.8 | - | 493.8 |
| Depreciation and impairment of operating assets | (8.3) | (17.3) | (25.6) | (8.2) | 20.6 | 12.4 |
| Depreciation and impairment of investment properties | - | (265.3) | (265.3) | - | (284.5) | (284.5) |
| Profit/(loss) from acquisitions | - | (6.9) | (6.9) | - | 1.3 | 1.3 |
| Profit/(loss) from asset disposals | - | 75.1 | 75.1 | - | 19.1 | 19.1 |
| Share of profit/(loss) of equity-accounted companies | 5.3 | (7.2) | (1.9) | 5.5 | (22.7) | (17.2) |
| OPERATING PROFIT/(LOSS) | 487.8 | (221.6) | 266.2 | 491.1 | (266.3) | 224.9 |
| **Cost of gross debt** | **(89.2)** | **-** | **(89.2)** | **(116.4)** | **-** | **(116.4)** |
| Net income from cash and cash equivalents, related loans and receivables | 6.9 | - | 6.9 | 6.5 | - | 6.5 |
| **Cost of net debt** | **(82.3)** | **-** | **(82.3)** | **(109.9)** | **-** | **(109.9)** |
| Other finance income and expenses | (5.2) | (34.2) | (39.4) | (4.2) | (50.3) | (54.5) |
| FINANCE INCOME/(EXPENSE) | (87.5) | (34.2) | (121.7) | (114.1) | (50.3) | (164.3) |
| Corporate tax (b) | (6.0) | 20.5 | 14.6 | (10.1) | 5.5 | (4.6) |
| NET PROFIT/(LOSS) | 394.3 | (235.3) | 159.0 | 367.0 | (311.0) | 56.0 |
| Net profit/(loss) attributable to non-controlling interests | 75.2 | (44.3) | 30.9 | 70.2 | (40.9) | 29.2 |
| **NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP** | **319.1** | **(191.0)** | **128.1** | **296.8** | **(270.1)** | **26.7** |
| Average number of diluted shares outstanding | | | 73,971,634 | | | 73,848,960 |

*(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 €20.4 million recorded for the 3% tax on dividends, including penalty interest.*

### 2.1.2. 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".

**Valuation of the Property Investment divisions' property assets**

Assets are classified as follows:

- offices and business parks of the Commercial Property Investment Division (including public-sector properties and projects held as part of public-private partnerships, and the Millénaire shopping centre);
- other assets of the Commercial Property Investment Division, which consist of warehouses, housing units and hotels;
- the assets of the Healthcare Property Investment Division.

Furthermore, the assets from the Healthcare Property Investment and ANF portfolios are valued in proportion to Icade's holding in Icade Santé (56.5%) and ANF (89.02%, including treasury shares), respectively. Therefore, the portfolio of the Property Investment divisions totals €10,810.6 million (€8,530.0 million for the Commercial segment and €2,280.6 million for the Healthcare segment).
If these assets were presented on a full consolidation basis, Icade's portfolio would represent €12,786.9 million excluding duties vs. €11,285.3 million at the end of 2016.
Unless otherwise stated, Icade does not present values including duties.

| *(value of the property portfolio excl. duties on a proportionate consolidation basis)* | 12/31/2017 (in €m) | 12/31/2016 (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 | 501.2 | 407.2 | +94.0 | +23.1% | +15.6 | +3.8% | 43,007 | 11,653 | 4.2% | 11.3% |
| La Défense & surroundings | 2,037.0 | 1,918.1 | +118.9 | +6.2% | +86.8 | +4.5% | 306,052 | 6,656 | 5.6% | 6.1% |
| Other Western Crescent | 854.1 | 790.5 | +63.6 | +8.0% | +31.0 | +3.9% | 75,990 | 11,240 | 5.0% | 0.1% |
| Inner Ring | 625.6 | 779.1 | (153.6) | (19.7%) | +33.8 | +5.7% | 105,818 | 5,912 | 5.0% | 0.4% |
| Outer Ring | 18.7 | 20.2 | (1.4) | (7.2%) | (1.1) | (5.6%) | 6,341 | 473 | 18.1% | 56.4% |
| **Total Paris region** | **4,036.6** | **3,915.1** | **+121.5** | **+3.1%** | **+166.1** | **+4.5%** | **537,207** | **7,485** | **5.2%** | **4.7%** |
| Outside the Paris region | 366.9 | 71.9 | +295.0 | +410.1% | (1.6) | (2.3%) | 105,324 | 2,865 | 6.8% | 6.5% |
| **Total operating office properties [e]** | **4,403.6** | **3,987.1** | **+416.5** | **+10.4%** | **+164.5** | **+4.3%** | **642,531** | **6,727** | **5.3%** | **4.9%** |
| Land bank | 17.3 | 5.1 | +12.2 | +238.4% | +1.1 | +22.0% | | | | |
| Projects under development | 119.0 | 95.9 | +23.2 | +24.2% | (14.1) | (14.7%) | | | | |
| Floor space awaiting redevelopment (not leased) [f] | 2.0 | 5.8 | (3.8) | (65.4%) | (0.5) | (19.4%) | | | | |
| Off-plan acquisition | 182.1 | 21.7 | +160.4 | +738.2% | +3.3 | +15.0% | | | | |
| **TOTAL OFFICES** | **4,724.0** | **4,115.6** | **+608.4** | **+14.8%** | **+154.4** | **+3.9%** | **642,531** | **6,727** | **5.3%** | **4.9%** |
| **Business parks** | | | | | | | | | | |
| Paris | 896.5 | 834.2 | +62.3 | +7.5% | +50.6 | +6.1% | 140,162 | 6,396 | 5.2% | 1.0% |
| Other Western Crescent | 134.0 | 133.9 | +0.1 | +0.1% | (4.4) | (3.3%) | 62,746 | 2,136 | 8.1% | 10.8% |
| Inner Ring | 1,284.0 | 1,232.4 | +51.6 | +4.2% | +24.4 | +2.0% | 414,049 | 3,101 | 6.7% | 6.9% |
| Outer Ring | 1,014.6 | 985.3 | +29.3 | +3.0% | (7.8) | (0.8%) | 596,514 | 1,701 | 9.2% | 18.1% |
| **Total Paris region** | **3,329.0** | **3,185.7** | **+143.3** | **+4.5%** | **+62.8** | **+2.0%** | **1,213,470** | **2,743** | **7.1%** | **10.2%** |
| Land bank | 117.2 | 142.1 | (24.9) | (17.5%) | (21.6) | (15.7%) | | | | |
| Projects under development | 169.6 | 112.8 | +56.7 | +50.3% | +24.9 | +22.1% | | | | |
| Floor space awaiting redevelopment (not leased) [f] | 7.5 | 11.0 | (3.6) | (32.4%) | (0.1) | (1.2%) | | | | |
| **TOTAL BUSINESS PARKS** | **3,623.2** | **3,451.7** | **+171.5** | **+5.0%** | **+66.1** | **+1.9%** | **1,213,470** | **2,743** | **7.1%** | **10.2%** |
| **TOTAL OFFICES AND BUSINESS PARKS** | **8,347.2** | **7,567.3** | **+780.0** | **+10.3%** | **+220.4** | **+3.0%** | **1,856,002** | **4,123** | **6.1%** | **7.6%** |
| **Other assets of the Commercial Property Investment Division [g]** | 182.8 | 135.1 | +47.7 | +35.3% | (3.0) | (2.4%) | 59,267 | 1,172 | 7.7% | 0.0% |
| **TOTAL COMMERCIAL PROPERTY INVESTMENT ASSETS** | **8,530.0** | **7,702.4** | **+827.6** | **+10.7%** | **+217.4** | **+2.9%** | **1,915,269** | **4,031** | **6.1%** | **7.5%** |
| **Healthcare Property Investment** | | | | | | | | | | |
| Paris region | 370.6 | 359.3 | +11.2 | +3.1% | +11.1 | +3.1% | 100,232 | 3,697 | 5.8% | 0.0% |
| Outside the Paris region | 1,789.8 | 1,595.2 | +194.5 | +12.2% | +50.6 | +3.2% | 710,355 | 2,520 | 6.0% | 0.0% |
| **TOTAL** | **2,160.3** | **1,954.6** | **+205.8** | **+10.5%** | **+61.6** | **+3.2%** | **810,587** | **2,665** | **6.0%** | **0.0%** |
| Projects under development | 120.2 | 70.1 | +50.1 | +71.4% | +4.7 | +6.7% | | | | |
| **TOTAL HEALTHCARE PROPERTY INVESTMENT** | **2,280.6** | **2,024.7** | **+255.9** | **+12.6%** | **+66.4** | **+3.3%** | **810,587** | **2,813** | **6.0%** | **0.0%** |
| **GRAND TOTAL** | **10,810.6** | **9,727.1** | **+1,083.5** | **+11.1%** | **+283.8** | **+3.0%** | **2,725,856** | **3,669** | **6.1%** | **5.9%** |
| *Including assets consolidated using the equity method* | *144.0* | *159.5* | *(15.5)* | *(9.7%)* | *(15.5)* | *(9.7%)* | | | | |
| *Including ANF Immobilier [h]* | *429.0* | *0.0* | *+429.0* | *N/A* | *N/A* | *N/A* | | | | |

** 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.*

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

*(f) Properties that are completely vacant, held for sale, or due to be redeveloped or demolished.*

*(g) Includes hotels from the ANF Immobilier portfolio*

*Indicators (total floor area, price in €/sq.m, EPRA net initial yield excluding duties, and EPRA vacancy rates) are presented excluding the Residential Property Investment Division.*

*(h) €429.0 million on a proportionate consolidation basis, based on Icade's holding in ANF Immobilier as of December 31, 2017. On a full consolidation basis, the value as of December 31, 2017 was €650.1 million*

## 2.2. Commercial Property Investment Division

### 2.2.1. Key figures as of December 31, 2017

**Income statement for the Commercial Property Investment Division**

| *(in millions of euros)* | 12/31/2017 EPRA earnings from Commercial Property Investment (recurring) | 12/31/2017 Non-recurring (a) | 12/31/2017 Total Commercial Property Investment | 12/31/2016 EPRA earnings from Commercial Property Investment (recurring) | 12/31/2016 Non-recurring (a) | 12/31/2016 Total Commercial Property Investment |
|---|---|---|---|---|---|---|
| GROSS RENTAL INCOME | 375.4 | - | 375.4 | 379.7 | - | 379.7 |
| Land-related costs | (2.2) | - | (2.2) | (2.1) | - | (2.1) |
| Service charges not recovered from tenants | (24.4) | - | (24.4) | (31.5) | - | (31.5) |
| Property operating expenses | (7.9) | - | (7.9) | (5.1) | - | (5.1) |
| NET RENTAL INCOME | 340.9 | - | 340.9 | 341.0 | - | 341.0 |
| *Margin rate (net rental income / gross rental income)* | *90.8%* | *0.0%* | *90.8%* | *89.8%* | | *89.8%* |
| **Net operating costs** | **(48.4)** | **-** | **(48.4)** | **(37.6)** | **-** | **(37.6)** |
| **Profit/(loss) from other activities** | **(0.3)** | **-** | **(0.3)** | **(1.0)** | **-** | **(1.0)** |
| EBITDA | 292.2 | - | 292.2 | 302.4 | - | 302.4 |
| Depreciation and impairment of operating assets | (8.3) | (17.3) | (25.6) | (8.2) | 20.6 | 12.4 |
| Depreciation and impairment of investment properties | - | (167.0) | (167.0) | - | (189.4) | (189.4) |
| Profit/(loss) from acquisitions | - | (6.8) | (6.8) | - | - | - |
| Profit/(loss) from asset disposals | - | 74.9 | 74.9 | - | 19.4 | 19.4 |
| Share of profit/(loss) of equity-accounted companies | 5.3 | (7.2) | (1.9) | 5.5 | (22.7) | (17.2) |
| OPERATING PROFIT/(LOSS) | 289.2 | (123.3) | 165.9 | 299.7 | (172.1) | 127.6 |
| **Cost of gross debt** | **(78.5)** | **-** | **(78.5)** | **(105.7)** | **-** | **(105.7)** |
| Net income from cash and cash equivalents, related loans and receivables | 24.5 | - | 24.5 | 25.3 | - | 25.3 |
| **Cost of net debt** | **(53.9)** | **-** | **(53.9)** | **(80.5)** | **-** | **(80.5)** |
| Other finance income and expenses | (4.8) | (33.8) | (38.6) | (3.6) | (50.0) | (53.6) |
| FINANCE INCOME/(EXPENSE) | (58.7) | (33.8) | (92.5) | (84.0) | (50.0) | (134.1) |
| Corporate tax (b) | (6.0) | 20.5 | 14.5 | (10.0) | 5.2 | (4.8) |
| NET PROFIT/(LOSS) | 224.5 | (136.6) | 88.0 | 205.6 | (216.9) | (11.3) |
| Net profit/(loss) attributable to non-controlling interests | 1.3 | (1.4) | (0.0) | - | - | - |
| **NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP** | **223.2** | **(135.2)** | **88.0** | **205.6** | **(216.9)** | **(11.3)** |
| Average number of diluted shares outstanding | | | 73,971,634 | | | 73,848,960 |

**Rental income from the Commercial Property Investment Division**

| *(in millions of euros)* | 12/31/2016 | Asset acquisitions | Asset disposals | New builds / Redevelopments | Leasing activity and rent escalation | 12/31/2017 | Total change | Like-for-like change |
|---|---|---|---|---|---|---|---|---|
| OFFICES & BUSINESS PARKS | 368.1 | 23.4 | (47.3) | 19.6 | 0.9 | 364.7 | (3.4) | 0.3% |
| Other assets | 17.4 | 0.8 | (1.5) | - | 0.1 | 16.8 | (0.5) | 8.3% |
| Intra-group transactions from Property Investment | (5.8) | - | - | - | (0.5) | (6.2) | (0.5) | N/A |
| GROSS RENTAL INCOME | 379.7 | 24.2 | (48.8) | 19.6 | 0.6 | 375.4 | (4.3) | 0.4% |

*(a) Reclassification of Axe Seine from the business park to the office segment*

**Gross rental income** generated by the Commercial Property Investment Division during the financial year 2017 amounted to €375.4 million, a decrease of €4.3 million compared to 2016 (-1.1%) due primarily to the full-year impact of the disposals made in 2016 and 2017. The loss in rental income relating to asset disposals in 2016 and 2017 represents -€48.8 million (offices for €25.1 million and business parks for €22.2 million).

On the other hand, the acquisitions made during the period generated additional income of +€24.2 million, of which €18.6 million are related to the acquisition of three office buildings in 2016 (Orsud, Arc Ouest, Parissy) and €5.5 million to the acquisition of the company ANF Immobilier.

After adjustment for acquisitions and disposals, gross rental income went up by €20.3 million, i.e. +5.3% between 2016 and 2017.

This change resulted from:

- New builds and redevelopments: +€19.6 million which include:
  - +€22.9 million from projects completed in 2016, in particular the Veolia and Millénaire 4 buildings;
  - +€7.1 million for three assets completed in 2017 (phase B of Go Spring, Défense 456 and Open in Issy-les-Moulineaux);
  - -€3.2 million drop in rental income due to buildings subject to redevelopments, including Icade's former headquarters (Millénaire building in the 19th district of Paris).

- Leasing activity and rent escalation: +€0.6 million
  - Positive impact of +€2.4 million for the office segment
  - Negative impact of -€1.5 million for the business park segment

As a result, on a like-for-like basis (excluding the impact of asset acquisitions, disposals, new constructions and redevelopments), gross rental income went up by 0.4%.

**Net rental income** from the Commercial Property Investment Division for the year 2017 totalled €340.9 million, stable compared to 2016. The margin rate stands at 90.8%, up 1 pp from 2016.

| | 12/31/2017 | | 12/31/2016 (a) | |
|---|---|---|---|---|
| *(in millions of euros)* | Net rental income | Margin | Net rental income | Margin |
| OFFICES & BUSINESS PARKS | 329.7 | 90.4% | 330.1 | 89.7% |
| Other assets | 7.8 | 46.0% | 5.3 | 30.3% |
| Intra-group transactions from Commercial Property Investment | 3.5 | N/A | 5.7 | N/A |
| NET RENTAL INCOME | 340.9 | 90.8% | 341.0 | 89.8% |

*(a) Adjustment for assets transferred from the business park segment to the office segment.*

**Net operating costs** from the Commercial Property Investment Division stood at €48.4 million, an increase compared to 2016 (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 Commercial Property Investment Division amounted to -€58.7 million as of December 31, 2017, vs. -€84.0 million a year earlier.
This change stemmed primarily from a reduction in the average cost of debt between 2016 and 2017 (1.59% in 2017 vs. 2.18% in 2016, i.e. -59 bps) as debt and derivatives restructuring undertaken in 2016 made it possible to cut the cost of net debt by nearly 33% between 2016 and 2017.
**Thus, after taking into account the items above, EPRA earnings from Commercial Property Investment reached €223.2 million (€3.02 per share) as of December 31, 2017, vs. €205.6 million (€2.78 per share) as of December 31, 2016, i.e. an 8.5% year-on-year increase.**
Other items that had an impact on the net profit/(loss) attributable to the Group from the Commercial Property Investment Division represented a total net expense of -€135.2 million and were mainly comprised of:

- depreciation and impairment of investment properties of -€167.0 million as of December 31, 2017 vs. -€189.4 million in 2016. This was due mainly to the reversal of an impairment loss for +€65.9 million, to be compared with a reversal of €30.7 million in 2016;
- profit/(loss) from asset disposals for +€74.9 million vs. +€19.4 million in 2016;
- non-current tax income of +€20.4 million corresponding to accrued extraordinary income to be received from the tax administration for the refund request submitted in respect of the 3% tax paid on distributed dividend (classified as non-current).

In view of the above, **net profit/(loss) attributable to the Group** from the Commercial Property Investment Division reached +€88.0 million as of December 31, 2017 vs. -€11.3 million as of December 31, 2016.

### 2.2.2. Leasing activity of the Commercial Property Investment Division

| | 12/31/2016 | 2017 changes | | | | 12/31/2017 | New leases | | 12/31/2017 |
|---|---|---|---|---|---|---|---|---|---|
| **Asset class** | **Leased floor area** | **Additions** | **Exits** | **Exits due to disposals** | **Floor area adjustments [a]** | **Leased floor area** | **Impact in 2017** | **Impact after 2017** | **Total** |
| **Full consolidation basis** | ***(sq.m)*** | ***(sq.m)*** | ***(sq.m)*** | ***(sq.m)*** | | ***(sq.m)*** | ***(sq.m)*** | ***(sq.m)*** | ***(sq.m)*** |
| Offices | 451,559 | 12,240 | (6,738) | - | - | 457,061 | 8,357 | 19,169 | 27,526 |
| Business parks | 970,625 | 48,972 | (36,457) | - | - | 983,140 | 41,525 | 25,890 | 67,415 |
| Warehouses | 34,321 | 4,819 | - | - | - | 39,140 | 4,819 | 4,819 | 9,638 |
| **LIKE-FOR-LIKE SCOPE (A)** | **1,456,505** | **66,031** | **(43,195)** | **-** | **-** | **1,479,341** | **54,701** | **49,878** | **104,579** |
| Offices | 20,964 | 190,983 | (928) | - | (246) | 210,773 | 14,970 | 65,867 | 80,837 |
| Business parks | 54,262 | 14,854 | (27,040) | - | 354 | 42,430 | 9,003 | 16,942 | 25,945 |
| Warehouses | - | - | - | - | (376) | (376) | - | - | - |
| Hotels | - | 29,590 | - | - | - | 29,590 | - | - | - |
| **ACQUISITIONS / COMPLETIONS / REDEVELOPMENTS (B)** | **75,226** | **235,427** | **(27,968)** | **-** | **(268)** | **282,417** | **23,973** | **82,809** | **106,782** |
| **SUBTOTAL (A+B)** | **1,531,731** | **301,458** | **(71,163)** | **-** | **(268)** | **1,761,758** | **78,674** | **132,687** | **211,361** |
| Offices | 43,001 | - | - | (43,001) | - | - | - | - | - |
| Warehouses | 29,718 | 285 | - | (30,003) | - | - | 285 | - | 285 |
| **DISPOSALS (C)** | **72,719** | **285** | **-** | **(73,004)** | **-** | **-** | **285** | **-** | **285** |
| **COMMERCIAL PROPERTY INVESTMENT (A)+(B)+(C)** | **1,604,450** | **301,743** | **(71,163)** | **(73,004)** | **(268)** | **1,761,758** | **78,959** | **132,687** | **211,646** |

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

As of December 31, 2017, leased floor area in the Commercial Property Division’s portfolio reached 1,761,758 sq.m, up 157,308 sq.m from December 31, 2016.
In 2017, the main like-for-like changes were as follows:

- Office segment:
  - Additions: 12,240 sq.m recorded during the financial year, including:
    - 3,040 sq.m leased in the PB5 tower in La Défense, of which 972 sq.m were leased to PwC;
    - 2,050 sq.m in additional floor space leased to the company IFF in the Crystal Park building in Neuilly-sur-Seine;
    - 2,860 sq.m in new leases signed in the Axe Seine building in Nanterre.
  - Exits: 6,738 sq.m recorded during the financial year, including:
    - 1,807 sq.m vacated by Avnet Technology in the Fontanot building, which is scheduled for redevelopment in 2019;
    - 1,686 sq.m vacated in the Marignan building in Paris;
    - 1,594 sq.m vacated in the Défense 2 building.

- Business park segment
  - Additions: 48,972 sq.m recorded during the financial year, including:
    - 18,655 sq.m of new leases signed in the Rungis business park;
    - 8,073 sq.m leased in the Portes de Paris business park;
    - 10,877 sq.m leased in the Paris Nord 2 business park, including a new lease with Ophtalmic Cie in the Eddington building (6,326 sq.m).
  - Exits: 36,457 sq.m recorded during the financial year, including:
    - 13,537 sq.m vacated in the Rungis business park;
    - 11,875 sq.m vacated in the Portes de Paris business park, including 3,784 sq.m from the departure of TARKETT France;
    - 4,029 sq.m vacated in the Paris Nord 2 business park.

In the financial year 2017, 140 **new leases** were signed, representing a total floor area of 211,600 sq.m and €56.9 million of annualised headline rental income, including 108,400 sq.m in the office segment (€39.7 million), 93,360 sq.m in business parks (€16.8 million) and 9,923 sq.m in warehouses (€0.4 million).

The most significant **new leases** were:

- 51,476 sq.m signed with the company TechnipFMC in the “Origine” building, for a term of 9 years with no break option. This major project developed by Icade is expected to be completed in 2020;

- 15,700 sq.m signed with the company Groupama Immobilier in the Fontanot building in Nanterre (12-year off-plan lease with no break option);
- 11,088 sq.m signed with the company Latécoère in Toulouse (12-year off-plan lease with no break option);
- 8,450 sq.m signed with URSSAF in the Pont de Flandre business park (9-year off-plan lease with no break option);
- 5,739 sq.m signed with the Eramet group in the Maine Montparnasse tower (new lease in the condominium units);
- 4,483 sq.m signed with Esi Group in the Rungis business park (Séville-Venise building).

In 2017, 57 leases were **renewed**, representing a combined floor area of 152,175 sq.m and annualised headline rental income of €31.0 million.
These renewed leases have a weighted average unexpired lease term of 6.6 years and the most significant ones are:

- Leases with LCL for 29,772 sq.m in two buildings (Loire and Rhin) in Villejuif with lease terms of 9 and 7 years, respectively;
- Lease with GIE AXA France (16,432 sq.m) in the AXE 13 building in Nanterre Préfecture renewed for a term of 9 years with no break option;
- Lease with IFF (5,477 sq.m) in the Crystal Park building in Neuilly-sur-Seine renewed for 12 years with no break option.

**Acquisitions / completions**
The balance of acquisitions and completed projects reached 207,459 sq.m, resulting primarily from:

- The addition of the 169,773-sq.m portfolio of leased space (on a full consolidation basis) of ANF Immobilier acquired in 2017 to the Icade Group's portfolio;
- The completion of the first phase of the GO Spring development project (off-plan purchase) in Q1 2017 for a total of 14,300 sq.m. Icade benefits from a rent guarantee of €4.8 million linked to this completion;
- Icade moving to its new headquarters (Open building) in Issy-les-Moulineaux (9,321 sq.m) in September 2017;
- The completion of the Défense 456 building which is fully leased to Groupama and DIRECCTE (15,853 sq.m);
- Two office assets acquired in December 2017 and located in the 15th district of Paris: Le Ponant D (about 5,800 sq.m) and three office floors (floors 51 to 53) totalling 5,739 sq.m in the Maine Montparnasse tower, and their annexes.

Taking all these changes into account, the **weighted average unexpired lease term** was 4.8 years as of December 31, 2017, stable compared with December 31, 2016.
As of December 31, 2017, the ten largest tenants (excluding government agencies) generated a combined annual rental income of €121.4 million (30.2% of the annualised rental income of the Commercial Property Investment portfolio).

### Financial occupancy rate and weighted average unexpired lease term

As of December 31, 2017, the **financial occupancy rate** stood at 92.5%, up 1.4 pp compared to December 31, 2016 (91.1%).
The financial occupancy rate improved in both business segments, especially in business parks, where it was up 1.2 pp. These rates were supported by strong occupancy in the Pont de Flandre business park (occupancy rate of nearly 100%) and improved leasing activity, especially in the Rungis business park, which benefited from the *Coach Your Growth With Icade* programme.
The office segment recorded a solid occupancy rate of 95.3%, 0.7 pp higher than in 2016.

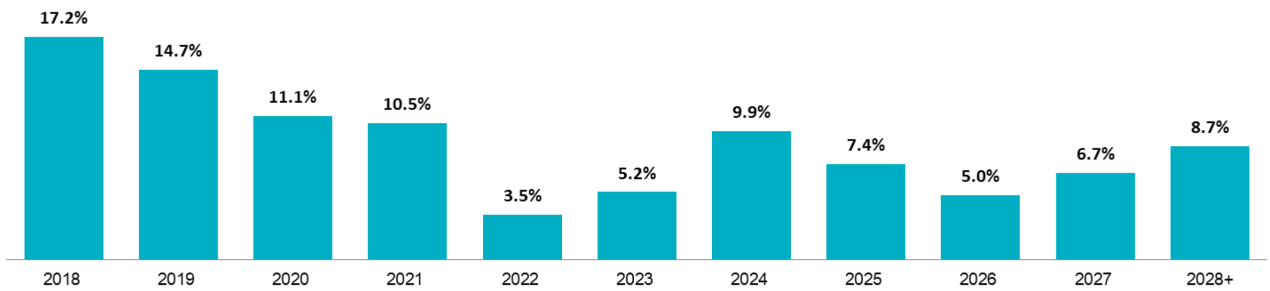
| | Financial occupancy rate *(in %)*[b] | | | Weighted average unexpired lease term *(in years)*[b] | |
|---|---|---|---|---|---|
| **Asset class** | **12/31/2017** | **12/31/2016** [c] | **Like-for-like change** [a] | **12/31/2017** | **12/31/2016** [c] |
| Offices | 95.3% | 94.6% | +0.9 pp | 5.7 | 5.9 |
| Business parks | 89.3% | 88.1% | +1.7 pp | 3.7 | 3.9 |
| **OFFICES & BUSINESS PARKS** | **92.4%** | **91.1%** | **+1.4 pp** | **4.7** | **4.8** |
| Hotels | 100.0% | - | - | 8.4 | - |
| Warehouses | 100.0% | 84.7% | +10.5 pps | 2.2 | 1.3 |
| **COMMERCIAL PROPERTY INVESTMENT** | **92.5%** | **91.1%** | **+1.4 pp** | **4.8** | **4.8** |

*(a) Excluding completions, acquisitions and disposals for the period*
*(b) On a full consolidation basis*
*(c) After reclassification of the Axe Seine building from the business park segment to the office segment*

Annualised potential rental income from vacant space (excluding structural vacancy estimated at 8% on average in business parks) in operating properties represented €27 million. The related annualised vacancy costs stood at €10 million. This means that the Commercial Property Investment Division has an optimisation potential of €37 million, representing 11.6% of EPRA earnings from the Property Investment Division as a whole.

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

| | France offices | Business parks | Hotels | Warehouses | Total | Share of total |
|---|---|---|---|---|---|---|
| 2018 | 36.0 | 33.0 | - | 0.4 | 69.4 | 17.2% |
| 2019 | 20.6 | 38.2 | 0.4 | - | 59.2 | 14.7% |
| 2020 | 9.1 | 34.3 | - | 1.2 | 44.7 | 11.1% |
| 2021 | 16.1 | 26.4 | - | - | 42.4 | 10.5% |
| 2022 | 4.4 | 9.1 | 0.6 | - | 14.0 | 3.5% |
| 2023 | 11.3 | 9.5 | - | 0.2 | 21.0 | 5.2% |
| 2024 | 36.0 | 4.0 | - | - | 40.0 | 9.9% |
| 2025 | 10.6 | 18.3 | 0.9 | - | 29.8 | 7.4% |
| 2026 | 15.7 | 4.1 | 0.3 | - | 20.0 | 5.0% |
| 2027 | 23.9 | 1.9 | 1.1 | - | 26.9 | 6.7% |
| 2028 and beyond | 23.4 | 10.0 | 1.8 | - | 35.2 | 8.7% |
| TOTAL | 207.0 | 188.8 | 5.0 | 1.8 | 402.6 | 100.0% |




Lease rollover risk for 2018 (leases expiring or having a break option in 2018) represents a total of €69.4 million, evenly distributed between business parks and offices.
Business park users occupy small and medium-size units and have mainly signed leases with break options on years 3/6/9, which explains the significant proportion of break options in the next 3 years: 55.9% of total rental income from business parks (69.9% in the next 4 years). Based on the turnover of tenants observed in previous financial years and confirmed in 2017, about 20% of tenants usually exercise their break options. Thus, the probability that most tenants will not exercise their break options is high.
Also, it should be noted that leases expiring in 2018 are, on average, in line with their estimated rental value.

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

| *(in %)* | 2016 | 2017 |
|---|---|---|
| Cost-of-construction index (ICC) | 50.1% | 34.3% |
| Tertiary activities rent index (ILAT) | 47.4% | 60.3% |
| Commercial rent index (ILC) | 1.6% | 2.3% |
| Other | 0.9% | 3.1% |
| TOTAL | 100.0% | 100.0% |

The portion of leases subject to the Tertiary Activities Rent Index (ILAT) increased in the portfolio between 2016 and 2017, owing in particular to:

- leases renewed this year which are now subject to the ILAT index while they were previously subject to the Cost-of-Construction Index (ICC);
- the addition of ANF's assets, predominantly subject to the ILAT index, to Icade's portfolio
- several disposals carried out in this financial year, including leases subject to the ICC.

### 2.2.3. Asset rotation

#### 2.2.3.1. Investments

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

| *(in millions of euros)* | Operating asset acquisitions | Off-plan acquisitions | Projects under development | Other capex | Other | Total |
|---|---|---|---|---|---|---|
| **OFFICES & BUSINESS PARKS** | **652.9** | **114.7** | **77.5** | **102.4** | **10.9** | **958.4** |
| Other assets | 88.8 | - | - | 1.2 | 0.3 | 90.4 |
| **COMMERCIAL PROPERTY INVESTMENT** | **741.7** | **114.7** | **77.5** | **103.7** | **11.2** | **1,048.9** |

Total investments over the period amounted to **€1,048.9 million**. This amount breaks down as follows according to the recommendations of EPRA:

- Asset acquisitions:

These amounted to €741.7 million over the period and related to:

- First-time consolidation of ANF Immobilier's property portfolio and related building works for a total of €659.3 million (values as reported on Icade's consolidated balance sheet as of December 31, 2017, to be compared with the reference value of property assets that was used for the acquisition of the company (values as of June 30, 2017), i.e. €614 million on a full consolidation basis and €457 million on a proportionate consolidation basis). This property portfolio located in major French cities consists primarily of office buildings (€570.5 million) and hotels (€88.8 million);
  It includes:
  - €538.8 million of operating assets
  - €80.2 million of assets being acquired off-plan

- acquisitions of operating assets for a total of €82.4 million (including duties), including:
  - €55.9 million for the Le Ponant D office building in the 15th district of Paris, covering a floor area of approximately 5,800 sq.m and entirely leased to CEA;
  - €26.5 million of office space in the Maine Montparnasse tower;

- Off-plan acquisitions (excluding ANF Immobilier's off-plan acquisitions) for a total of €114.7 million, which included the following three projects:
- Go Spring in Nanterre (Hauts-de-Seine) for €42.1 million. This development representing a total investment of €191.2 million comprises two phases, the first of which (14,100 sq.m) was completed in 2017. The second phase (18,500 sq.m) that is scheduled for completion in Q1 2019 has been partially preleased to the company Franfinance (13,700 sq.m).
- Gambetta (20th district of Paris) for €71.2 million. In total, this project represents 20,000 sq.m (16,000 sq.m of offices and 4,000 sq.m of retail space) and a total investment of €139.0 million including duties.
- EKO Active (Marseille) for €1.4 million invested during the financial year out of a total of €28.4 million, to develop 8,370 sq.m of office space.

- New builds/extensions and redevelopments (€77.5 million) including €32.3 million in offices and €45.2 million in business parks.
- In business parks, investments were focused on the Pulse project (€22.5 million), the URSSAF project (€4.7 million), the renovation works to Millénaire 1 (€4.2 million) and the renovation of the Romarin staff restaurant in Rungis (€2.9 million).
- In offices, most of the investments of the financial year were made in the Origine (€16.8 million) and Défense 456 projects (€7.7 million), the latter project having been completed in 2017.

- Other capex (€103.7 million): these include primarily the renovation costs of the business parks and offices (major maintenance and repairs and restoration work on the premises).

- Other investments (€11.2 million): these include lease incentives (tenant improvements), broker fees and capitalised finance costs of projects under development.

#### Property development projects

Icade has significant development projects[a] representing a total investment of €1.83 billion and nearly 340,000 sq.m., including 170,000 sq.m already started.

| 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 > 2017 | % pre-committed |
|---|---|---|---|---|---|---|---|---|---|---|
| ORIGINE | NANTERRE PREFECTURE | Development | Offices | Q3 2020 - Q3 2021 | 65,000 | 28.8 | 5.8% | 500.1 | 343.8 | 79% (d) |
| MILLENAIRE 1 | MILLENAIRE | Renovation | Offices | Q2 2018 | 29,700 | 9.9 | 5.1% | 192.4 | 9.7 | 100% |
| B007 | PONT DE FLANDRE | Development | Offices | Q3 2019 | 8,500 | 3.2 | 7.4% | 43.4 | 31.2 | 100% |
| PULSE | PORTES DE PARIS | Development | Offices | Q4 2018 | 28,700 | 9.4 | 7.3% | 128.2 | 71.8 | 0% |
| POLE NUMERIQUE | PORTES DE PARIS | Development | Offices / business centre | Q4 2019 | 9,400 | 2.1 | 5.4% | 38.5 | 33.4 | 50% |
| B034 | PONT DE FLANDRE | Redevelopment | Hotel | Q2 2020 | 4,900 | 1.1 | 4.3% | 24.5 | 19.9 | 0% |
| FONTANOT | NANTERRE PREFECTURE | Redevelopment | Offices | Q4 2021 | 15,800 | 5.5 | 4.8% | 115.2 | 41.8 | 100% |
| MONACO | RUNGIS | Redevelopment | Hotel | Q3 2019 | 4,600 | 0.9 | 4.9% | 17.5 | 13.4 | 100% |
| 19 Quai Rive Neuve | MARSEILLE | Redevelopment | Offices | Q2 2019 | 3,100 | 0.7 | 5.4% | 13.7 | 8.3 | 98% |
| PROJECTS STARTED | | | | | 169,700 | 61.5 | 5.7% | 1,073.5 | 573.3 | 69% |
| ILÔT B2 | MILLENAIRE | Development | Offices | | 40,600 | 14.8 | 7.6% | 196.1 | 169.1 | 0% |
| ILÔT D | PORTES DE PARIS | Development | Offices / hotel | | 14,500 | 4.7 | 6.4% | 73.8 | 63.5 | 0% |
| ILÔT B32 | MILLENAIRE | Development | Offices | | 27,300 | 10.0 | 7.8% | 128.1 | 106.1 | 0% |
| PARK VIEW | LYON | Development | Offices | | 22,800 | 5.0 | 6.2% | 80.8 | 52.5 | 0% |
| LAFAYETTE B-C | LYON | Redevelopment | Offices | | 7,100 | 1.9 | 6.6% | 28.3 | 15.2 | 0% |
| OTTAWA 1 | RUNGIS | Development | Offices | | 7,500 | 2.0 | 7.7% | 26.0 | 20.7 | 0% |
| OTTAWA 2 | RUNGIS | Development | Offices | | 7,500 | 2.0 | 7.7% | 26.0 | 20.7 | 0% |
| ILÔT C1 | PORTES DE PARIS | Development | Offices | | 42,900 | 14.4 | 7.1% | 201.3 | 174.0 | 0% |
| COMMERCIAL PROJECTS UNDER DEVELOPMENT | | | | | 170,200 | 54.8 | 7.2% | 760.4 | 621.8 | 0% |
| TOTAL PIPELINE | | | | | 339,900 | 116.3 | 6.3% | 1,833.9 | 1,195.1 | 35% |

*(a) On a full consolidation basis – Includes identified projects on secured plots of land, which have started or will start within 24 months – Excludes off-plan acquisitions*

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

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

*(d) Including off-plan lease on the Origine project confirmed after 12/31/2017*

### 2.2.3.2. Asset disposals

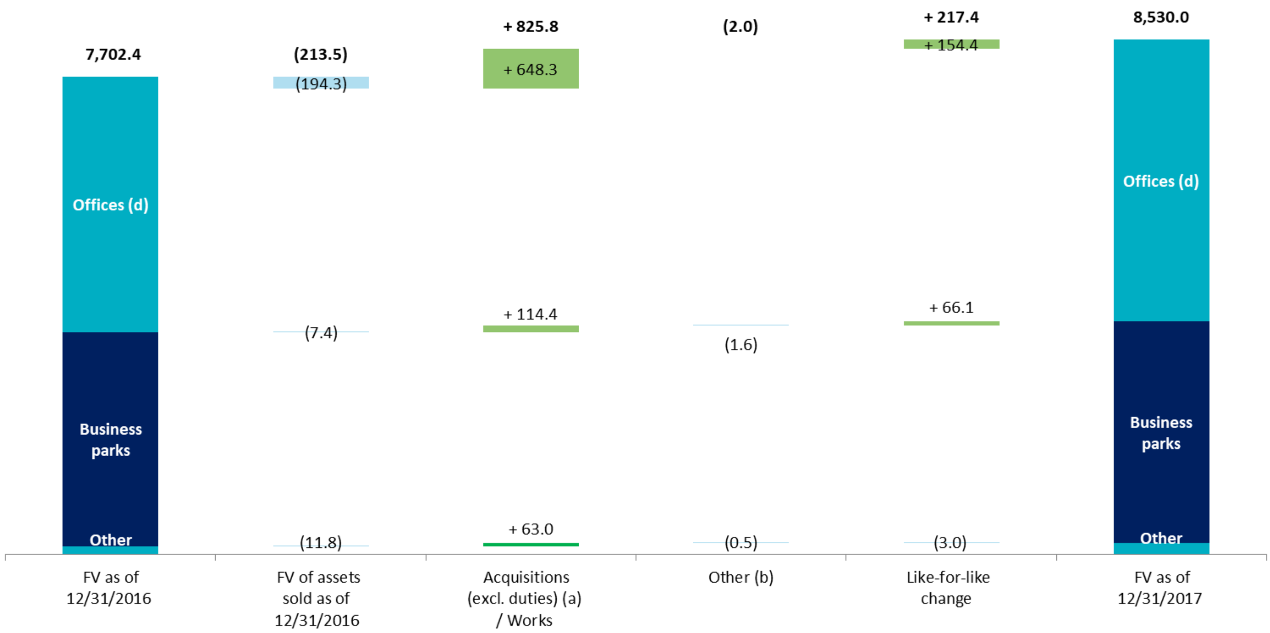
The value of asset disposals carried out in 2017 was €256.0 million.

They included the following main transactions:

- The sale of the three office buildings (Garonne, Rhône and Seine) located in Villejuif for a total of €226.0 million;
- The sale of the Saint Quentin Fallavier warehouse for €9.8 million;
- The sale of housing units for €6.7 million.

Overall, asset disposals generated a net capital gain of €74.9 million.

### 2.2.4. Changes in value of assets from the Commercial Property Investment Division




| *(on a proportionate consolidation basis)* | FV as of 12/31/2016 | FV as of 12/31/2016 of assets sold | Acquisitions incl. duties [a] / Works | Other [b] | LFL change | FV as of 12/31/2017 |
|---|---|---|---|---|---|---|
| Offices [d] | 4,115.6 | (194.3) | 648.3 | - | 154.4 | 4,724.0 |
| Business parks [d] | 3,451.7 | (7.4) | 114.4 | (1.6) | 66.1 | 3,623.2 |
| Other Commercial Property Investment assets [c] | 135.1 | (11.8) | 63.0 | (0.5) | (3.0) | 182.8 |
| **TOTAL** | **7,702.4** | **(213.5)** | **825.8** | **(2.0)** | **217.4** | **8,530.0** |

*[a] Includes the acquisition (including duties and fees) of the ANF portfolio, of two operating assets (the Ponant D building and a condominium unit in Tour Montparnasse) and the portion paid in 2017 for off-plan purchases.*
*[b] Includes transfer duties and fees, changes in the values of assets acquired during the period, works to properties sold and changes in the values of assets treated as financial receivables (PPP)*
*[c] Includes warehouses, housing units and hotels*
*[d] After reclassification of Axe Seine to the office segment*

#### 2.2.4.1. Offices and business parks of the Commercial Property Investment Division

Based on proportionate consolidation, the overall value of Icade's office and business park portfolio was €8,347.2 million excluding duties as of December 31, 2017 vs. €7,567.3 million at the end of 2016, i.e. an increase of €780.0 million (+10.3%).
Excluding the impact of investments, acquisitions and disposals made during the year 2017, the change in value of office and business park assets was +3.0% on a like-for like basis.
In value terms, 95% of Icade's commercial property portfolio is located in the Paris region.
The value of the land bank, projects under development and properties awaiting redevelopment stood at €432.5 million as of December 31, 2017: €134.5 million land bank, €288.6 million of projects under development, and €9.5 million of properties awaiting redevelopment (not leased).

**Offices**

In 2017, investments made in office assets included acquisitions (mainly, the ANF portfolio, the Gambetta and Ponant D office buildings) for a total value as of 12/31/2017 of €577.7 million (including duties and fees) and redevelopment works (Crystal Park, Défense 456, Origine development project) which totalled €70.6 million.
Excluding the impact of these investments and of asset disposals completed during the year (whose fair value as of 12/31/2016 was €194.3 million), the value of the Office division's assets as of December 31, 2017 was up +€154.4 million on a like-for-like basis (i.e. +3.9%) to €4,724.0 million.

**Business parks**

Business park assets consist of a stock of operating properties as well as a land bank and building rights for which property projects have been identified and/or are under development.
In 2017, Icade spent €114.4 million in maintenance and development investments in the business parks, namely in the Pulse development project (Portes de Paris business park), PAT007 (Pont de Flandre business park), and the continuation of its *Coach Your Growth With Icade* marketing plan.

On a like-for-like basis, after adjustment for these works and disposals (fair value of €7.4 million as of 12/31/2016), the value of business park assets increased by €66.1 million over the year 2017, i.e. +1.9% to €3,623.3 million (vs. 1.4% in 2016).

#### 2.2.4.2. Other assets of the Commercial Property Investment Division

**Warehouses**

The market value of the warehouses was estimated at €13.6 million excluding duties as of December 31, 2017 vs. €19.8 million as of December 31, 2016, a decrease of €6.2 million (-31.3%) following the sale of a warehouse.
After adjustment for this disposal (fair value of €7.9 million as of 12/31/2016) and works performed during the period, the like-for-like change in warehouses was +€1.6 million (+13.0%).

**Residential**

As of December 31, 2017, the property portfolio of the Residential Property Investment Division consisted of buildings whose management was outsourced to a social landlord (CDC Habitat), condominium housing units and various residual assets.
The value of these assets was €108.4 million excluding duties as of December 31, 2017 vs. €115.3 million at the end of 2016, i.e. a change of -€7 million (-6.0%), which is explained by disposals.

**Hotels**

The hotel portfolio was created in 2017 as a result of the acquisition of the ANF portfolio.
These assets are predominantly located outside the Paris region and their aggregate value stood at €60.8 million (Icade share) as of December 31, 2017.

## 2.3. Healthcare Property Investment Division

### 2.3.1. Key figures as of December 31, 2017

**Income statement for the Healthcare Property Investment Division**

| *(in millions of euros)* | 12/31/2017 EPRA earnings from Healthcare Property Investment (recurring) | 12/31/2017 Non-recurring (a) | 12/31/2017 Total Healthcare Property Investment | 12/31/2016 EPRA earnings from Healthcare Property Investment (recurring) | 12/31/2016 Non-recurring (a) | 12/31/2016 Total Healthcare Property Investment |
|---|---|---|---|---|---|---|
| GROSS RENTAL INCOME | 214.9 | - | 214.9 | 207.3 | - | 207.3 |
| Service charges not recovered from tenants | (2.6) | - | (2.6) | (2.5) | - | (2.5) |
| Property operating expenses | (1.0) | - | (1.0) | (0.8) | - | (0.8) |
| NET RENTAL INCOME | 211.3 | - | 211.3 | 204.0 | - | 204.0 |
| *Margin rate (net rental income / gross rental income)* | *98.3%* | *0.0%* | *98.3%* | *98.4%* | *0.0%* | *98.4%* |
| Net operating costs | (12.7) | - | (12.7) | (12.6) | - | (12.6) |
| Profit/(loss) from other activities | - | - | - | - | - | - |
| EBITDA | 198.6 | - | 198.6 | 191.4 | - | 191.4 |
| Depreciation and impairment of investment properties | - | (98.3) | (98.3) | - | (95.1) | (95.1) |
| Profit/(loss) from acquisitions | - | (0.2) | (0.2) | - | 1.3 | 1.3 |
| Profit/(loss) from asset disposals | - | 0.2 | 0.2 | - | (0.3) | (0.3) |
| OPERATING PROFIT/(LOSS) | 198.6 | (98.3) | 100.2 | 191.4 | (94.2) | 97.3 |
| **Cost of gross debt** | **(10.8)** | **-** | **(10.8)** | **(10.6)** | **-** | **(10.6)** |
| Net income from cash and cash equivalents, related loans and receivables | (17.6) | - | (17.6) | (18.8) | - | (18.8) |
| **Cost of net debt** | **(28.4)** | **-** | **(28.4)** | **(29.4)** | **-** | **(29.4)** |
| Other finance income and expenses | (0.4) | (0.4) | (0.8) | (0.6) | (0.2) | (0.9) |
| FINANCE INCOME/(EXPENSE) | (28.8) | (0.4) | (29.2) | (30.0) | (0.2) | (30.3) |
| Corporate tax | - | - | - | - | 0.3 | 0.3 |
| NET PROFIT/(LOSS) | 169.8 | (98.7) | 71.1 | 161.4 | (94.1) | 67.2 |
| Net profit/(loss) attributable to non-controlling interests | 73.8 | (42.9) | 30.9 | 70.2 | (40.9) | 29.2 |
| **NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP** | **96.0** | **(55.8)** | **40.2** | **91.2** | **(53.2)** | **38.0** |

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

**Rental income from the Healthcare Property Investment Division**

| *(in millions of euros)* | 12/31/2016 | Asset acquisitions | Asset disposals | New builds / Redevelopments | Leasing activity and rent escalation | 12/31/2017 | Total change | Like-for-like change |
|---|---|---|---|---|---|---|---|---|
| HEALTHCARE PROPERTY INVESTMENT | 207.3 | 5.6 | (0.5) | 1.6 | 0.8 | 214.9 | 7.5 | 0.4% |

**Gross rental income** generated by the Healthcare Property Investment Division in 2017 amounted to €214.9 million, a €7.5 million increase compared to 2016 (+3.6%).
On a like-for-like basis, leasing activity rose by 0.4%, due mainly to rent escalation.
Changes in scope of consolidation represented +€6.8 million, including:

- +€5.6 million in additional rental income related to acquisitions, in particular the Ormeau polyclinic in Tarbes and the Saint Roch polyclinic in Cabestany, both purchased in 2017;
- +€1.6 million in additional rental income as a result of extension works and completions;
- -€0.5 million in loss of rental income due to the sale of the Chênes polyclinic.

**Net rental income** from the Healthcare Property Investment Division for the year 2017 totalled €211.3 million, implying a margin rate of 98.3%, almost the same level as in 2016.

| (in millions of euros) | 12/31/2017 Net rental income | 12/31/2017 Margin | 12/31/2016 Net rental income | 12/31/2016 Margin |
|---|---|---|---|---|
| HEALTHCARE PROPERTY INVESTMENT | 211.3 | 98.3% | 204.0 | 98.4% |

The recurring portion of **finance income/(expense)** from the Healthcare Property Investment Division as of December 31, 2017 amounted to -€28.8 million, down by -€1.2 million compared to December 31, 2016 to -€30.0 million.
**Net profit/(loss) attributable to non-controlling interests** from the Healthcare Property Investment Division stood at €30.9 million vs. €29.2 million thanks to an improvement in net profit. This corresponds to non-controlling interests (43.49% of capital) in Icade Santé as of December 31, 2017.
After taking into account the items above, **EPRA earnings from Healthcare Property Investment** reached €96.0 million (€1.30 per Icade share) as of December 31, 2017, vs. €91.2 million as of December 31, 2016 (€1.24 per Icade share).
The non-recurring items included in net profit/(loss) attributable to the Group from the Healthcare Property Investment Division represented a net expense of -€55.8 million vs. -€53.2 million as of December 31, 2016 and consisted primarily of depreciation charges for investment properties.
As a result, **net profit/(loss) attributable to the Group** from the Healthcare Property Investment Division reached €40.2 million as of December 31, 2017 vs. €38.0 million as of December 31, 2016, an improvement of +5.8% (+€2.2 million).

### 2.3.2. Leasing activity of the Healthcare Property Investment Division

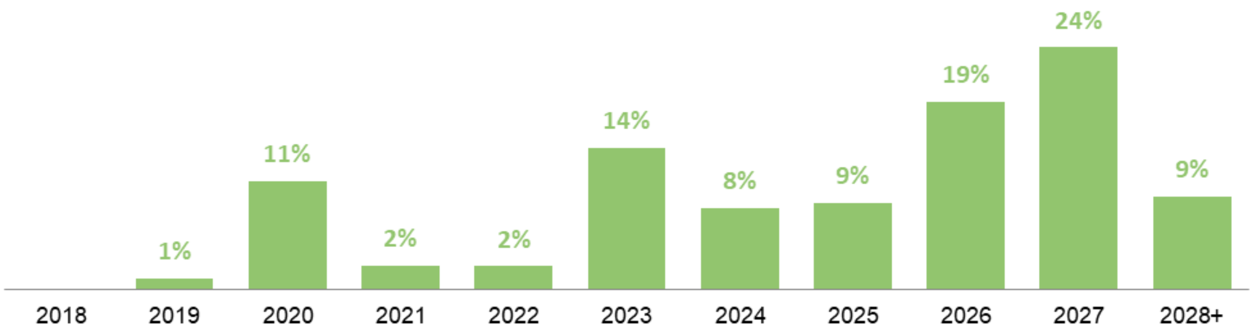
As of December 31, 2017, the **financial occupancy rate** remained unchanged compared to December 31, 2016, at 100%. Private healthcare facilities also showed a physical occupancy rate of 100%.
The weighted average unexpired lease term was 7.6 years, down 0.6 year compared with 2016.

| | Financial occupancy rate (in %) | | | Weighted average unexpired lease term (in years) | |
|---|---|---|---|---|---|
| Asset class | 12/31/2017 | 12/31/2016 | Like-for-like change[a] | 12/31/2017 | 12/31/2016 |
| HEALTHCARE PROPERTY INVESTMENT | 100.0% | 100.0% | +0.0 pp | 7.6 | 8.2 |

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

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

| On a full consolidation basis | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028+ | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| HEALTHCARE PROPERTY INVESTMENT | - | 2.3 | 24.5 | 5.4 | 5.2 | 32.1 | 18.4 | 19.5 | 42.5 | 55.0 | 21.1 | - | 226.0 |



### 2.3.3. Asset rotation for the Healthcare Property Investment Division

#### 2.3.3.1. Investments

| *(in millions of euros)* | Asset acquisitions | Projects under development | Other capex | Other | Total |
|---|---|---|---|---|---|
| **HEALTHCARE PROPERTY INVESTMENT** | **229.4** | **79.0** | **45.0** | **1.3** | **354.7** |

Investments made in 2017 added up to €354.7 million, of which €229.4 million related to acquisitions, including:

- Clinique de l'Europe private hospital in Rouen (Seine-Maritime) acquired for €87.7 million;
- Saint Roch polyclinic in Cabestany (Pyrénées-Orientales) acquired for €76.5 million;
- Ormeau polyclinic in Tarbes (Hautes-Pyrénées) acquired for €43.3 million;
- Helios disability care home in Saint-Germé (Gers) acquired for €9.8 million.

This is in addition to €79.0 million in investments made in the development pipeline of the Healthcare Property Investment Division as part of the following projects:

- Courlancy polyclinic in Bezannes for €31.2 million;
- La Croix du Sud polyclinic in Quint-Fonsegrives for €32.0 million;
- Elsan Stoa project in Saint-Herblain for €15.8 million.

Lastly, following the acquisition of Medipôle-Partenaires by ELSAN in July 2017, the construction project for the Greater Narbonne Private Hospital in Montredon-des-Corbières (Aude) was rescheduled to start in 2018.

Other investments made during the financial year represented €46.3 million. They mainly consisted of extension works or redevelopments generating additional rental income.

**Development pipeline**

| In millions of euros | Completion | Operator | Number of inpatient and outpatient beds | Rental income | Yield on Cost [(a)] | Total cost of project | Remaining to be invested 2018-2020 |
|---|---|---|---|---|---|---|---|
| Reims-Bezannes polyclinic - Bezannes | 2018 | Courlancy | 458 | | | 75.7 | 3.3 |
| La Croix du Sud polyclinic - Quint-Fonsegrives | 2018 | Capio | 269 | | | 80.4 | 11.7 |
| Saint-Herblain polyclinic (Bromélia) | 2018 | Elsan | 169 | | | 31.9 | 2.5 |
| Greater Narbonne Private Hospital - Montredon-des-Corbières | 2020 | Elsan | 283 | | | 49.0 | 45.5 |
| **PROJECTS STARTED** | | | **1,179** | **15.8** | **6.7%** | **237.0** | **63.0** |

*(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 Healthcare Property Investment Division has a development pipeline of €237.0 million (costs of the projects excluding internal costs). The average estimated yield on cost of these projects is 6.7%.

#### 2.3.3.2. Asset disposals

The amount of asset disposals made during the financial year mainly related to a private hospital, which accounted for €7.6 million.

### 2.3.4. Changes in value of assets from the Healthcare Property Investment Division

| *(on a proportionate consolidation basis)* | FV as of 12/31/2016 | FV as of 12/31/2016 of assets sold | Acquisitions incl. duties / Works | Other [a] | Like-for-like change | FV as of 12/31/2017 |
|---|---|---|---|---|---|---|
| Healthcare | 2,024.7 | -3.2 | 200.5 | -7.8 | 66.4 | 2,280.6 |
| **TOTAL** | **2,024.7** | **-3.2** | **200.5** | **-7.8** | **66.4** | **2,280.6** |

(1) Includes transfer duties and acquisition costs and changes in value of assets acquired during the financial year.

The property portfolio of the Healthcare Property Investment Division includes private clinics and other healthcare properties.
Based on proportionate consolidation, the overall value of Icade's Healthcare Property Investment portfolio is estimated at €2,280.6 million excluding duties as of December 31, 2017, vs. €2,024.7 million at the end of 2016, i.e. an increase of €255.9 million, which is explained by value increases, the acquisition of five main healthcare facilities for €124.6 million (including duties and fees, based on proportionate consolidation), and investments in construction works.
On a like-for-like basis, after (i) exclusion of works for the year for €70.8 million (proportionate consolidation basis), (ii) exclusion of acquisitions, and (iii) adjustment for acquisition duties and fees and change in value of assets acquired during the financial year, the value of the portfolio rose by +€66.4 million over the year 2017, i.e. +3.3%.

# 3. Property Development Division

## 3.1. Income statement and performance indicators

The Property Development Division's business activities are conducted through its wholly-owned subsidiary Icade Promotion (and its subsidiaries). The Residential and Commercial segments account for two-thirds and one-third of the division's revenue, 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 Residential segment not only involves new development projects for multi-family buildings, but also student and senior residences.

The Commercial segment covers property development for third parties in Offices and Hotels, in Healthcare (private clinics, nursing homes [EHPAD], medical centres) as well as Delegated Project Management, especially for the Commercial and Healthcare Property Investment divisions, for which Icade Promotion is the exclusive property developer.

The growth strategy fulfilled its promise in 2017, evidenced by the sharp increase in economic revenue[9], up 20.3% on a year-on-year basis, amounting to €1,208.6 million in 2017 compared to €1,005 million in 2016.

This growth was evenly divided between the Residential (+21.0%) and Commercial (+18.8%) segments, with their economic revenue representing €806.4 million and €402.2 million respectively in 2017.

The increase in revenue mirrors the increase in housing sales in the Residential segment (5,510 units, i.e. +14.7% compared to 2016) and the progress of the Commercial segment's construction projects.

The efforts deployed by the operational teams also resulted in a strong performance in terms of orders (5,776 units compared to 5,665 in 2016) and a backlog up +2.9% over the year (€1,644 million compared to €1,597 million in 2016), up for Residential to €1,119 million and steady for Commercial, at €524 million.

Business was not only buoyed by this large backlog of orders in the short term, but also in the medium term by a land portfolio worth €2.4 billion, up 12.5% in value terms compared to 2016.

The strong growth of the Property Development Division was also accompanied by a considerable improvement in its performance in terms of profitability, through improving operating margins and controlling operating costs.

As a result, the current economic operating profit/(loss) increased by +35.9% in 2017, reaching €75.6 million in 2017 compared to €55.6 million in 2016. The current economic operating profit/(loss) for the Residential segment stood at €45.7 million in 2017 (+46.8% compared to 2016) and for the Commercial Segment at €29.9 million (+22.2% compared to 2016).

Operating profitability, measured by the current economic operating margin (current economic operating profit/(loss)[10] / economic revenue) rose from 5.5% in 2016 to 6.3% in 2017. The Residential segment contributed +1.0% and the Commercial segment +0.2% in this overall +0.7 pp increase in margin.

The 2017 net profit/(loss) attributable to the Group (NPAG) for the Property Development Division amounted to €38.3 million. After adjustment for €7.7 million of income recognised in 2017 for the refund of the 3% tax of dividends (including penalty interest), the NPAG would have amounted to €30.6 million, i.e. an increase of €9.7 million (+46.8%) compared to 2016.

The Net Current Cash Flow (NCCF) was also sharply up, reaching €30.4 million in 2017 compared to €22.2 million in 2016, representing an increase of €8.1 million.

Thanks to the increase in NPAG coupled with a capital optimisation policy, the ROE goal of 12% set in the strategic plan was achieved ahead of schedule, in 2017. As a result, the 2017 ROE[11] stood at 12.5% compared to 6.1% in 2016.

[9] *Revenue including entities accounted for using the equity method*

[10] *Operating profit/(loss) including entities accounted for using the equity method, adjustment for non-current items, trademark royalties and holding company costs*

[11] *Net profit(/loss) attributable to the Group (excluding income from the refund of the 3% tax on dividends) / Average allocated capital*

### 3.1.1. Condensed income statement and contribution to net current cash flow

| *(in millions of euros)* | 12/31/2017 Current | 12/31/2017 Non-current | 12/31/2017 Total | 12/31/2016 Current | 12/31/2016 Non-current | 12/31/2016 Total |
|---|---|---|---|---|---|---|
| Revenue | 1,071.8 | | 1,071.8 | 913.1 | | 913.1 |
| Income from operating activities | 1,075.1 | | 1,075.1 | 917.9 | | 917.9 |
| Purchases used | (874.3) | | (874.3) | (744.9) | | (744.9) |
| Outside services | (58.0) | | (58.0) | (55.0) | | (55.0) |
| Taxes, duties and similar payments | (6.1) | | (6.1) | (4.5) | | (4.5) |
| Staff costs, performance incentive scheme and profit sharing | (73.2) | | (73.2) | (71.3) | | (71.3) |
| Other operating expenses | (14.8) | | (14.8) | (10.3) | | (10.3) |
| Operating expenses | (1,026.4) | | (1,026.4) | (886.0) | | (886.0) |
| EBITDA | 48.7 | | 48.7 | 31.9 | | 31.9 |
| Depreciation charges net of government investment grants | | (1.5) | (1.5) | | (1.3) | (1.3) |
| Charges and reversals related to impairment of tangible, financial and other current assets | | 1.6 | 1.6 | | (1.4) | (1.4) |
| Profit/(loss) from asset disposals | | - | - | | (0.1) | (0.1) |
| Share of profit/(loss) of equity-accounted companies | 12.7 | (0.2) | 12.5 | 11.6 | 0.1 | 11.6 |
| OPERATING PROFIT/(LOSS) | 61.4 | (0.1) | 61.3 | 43.4 | (2.7) | 40.7 |
| **Cost of gross debt** | **(0.4)** | **-** | **(0.4)** | - | - | - |
| Net income from cash and cash equivalents, related loans and receivables | (0.9) | - | (0.9) | 0.5 | - | 0.5 |
| **Cost of net debt** | **(1.2)** | **-** | **(1.2)** | **0.4** | **-** | **0.4** |
| Other finance income and expenses | (4.0) | 0.2 | (3.8) | 0.4 | - | 0.4 |
| FINANCE INCOME/(EXPENSE) | (5.2) | 0.2 | (5.0) | 0.8 | - | 0.8 |
| Income tax (a) | (23.4) | 7.6 | (15.8) | (19.9) | 0.9 | (19.0) |
| NET PROFIT/(LOSS) | 32.8 | 7.8 | 40.6 | 24.3 | (1.8) | 22.5 |
| Net profit/(loss) attributable to non-controlling interests | 2.4 | (0.1) | 2.3 | 2.0 | (0.3) | 1.7 |
| **NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP** | **30.4** | **7.9** | **38.3** | **22.2** | **(1.4)** | **20.8** |

The revenue and economic operating profit presented below include the partnerships entered into by companies accounted for according to the equity method in the consolidated financial statements.

| *In millions of euros* | 12/31/2017 Total Property Development | 12/31/2017 Residential Property Development | 12/31/2017 Commercial Property Development | 12/31/2016 Total Property Development | 12/31/2016 Residential Property Development | 12/31/2016 Commercial Property Development | Change Total Property Development |
|---|---|---|---|---|---|---|---|
| **Economic revenue:** | | | | | | | |
| IFRS segment reporting | 1,071.8 | 747.0 | 324.8 | 913.1 | 627.6 | 285.5 | |
| Joint ventures | 136.8 | 59.4 | 77.4 | 91.8 | 38.9 | 53.0 | |
| **ECONOMIC REVENUE** | **1,208.6** | **806.4** | **402.2** | **1,005.0** | **666.5** | **338.5** | **20.3%** |
| **Economic operating profit/(loss):** | | | | | | | |
| IFRS segment reporting | 61.3 | 36.0 | 25.3 | 40.7 | 23.9 | 16.8 | |
| Cancellation of IFRS income from equity-accounted joint ventures | (12.4) | (5.0) | (7.4) | (11.4) | (3.1) | (8.3) | |
| Operating profit/(loss) from joint ventures | 12.6 | 5.1 | 7.5 | 11.5 | 3.2 | 8.3 | |
| Adjustment (a) | 14.1 | 9.5 | 4.6 | 14.8 | 7.1 | 7.7 | |
| **CURRENT ECONOMIC OPERATING PROFIT/(LOSS)** | **75.6** | **45.7** | **29.9** | **55.6** | **31.1** | **24.5** | **35.9%** |
| **Current economic operating margin (current economic operating profit or loss/revenue)** | **6.3%** | **5.7%** | **7.4%** | **5.5%** | **4.7%** | **7.2%** | **+0.7 pp** |

*(a) Adjustment for non-current items, trademark royalties and holding company costs.*

### 3.1.2. Return on equity

| *(in millions of euros)* | 12/31/2017 | 12/31/2016 |
|---|---|---|
| Adjusted net profit/(loss) attributable to the Group (a) | 30.6 | 20.8 |
| Average allocated capital (b) | 245.3 | 339.5 |
| **Return on equity** | **12.5%** | **6.1%** |

*(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 of dividends, including penalty interest.*

*(b) Weighted average value over the period of equity attributable to the Group before elimination of securities and excluding profit/(loss).*

As of December 31, 2017, return on equity stood at 12.5%, more than double that of the previous year, driven by improved net profit/(loss) attributable to the Group and lower capital allocated to Property Development. In particular, the special dividend of €100 million paid at the end of 2016 had a full-year impact on 2017.

### 3.1.3. Working capital requirement and debt

| *(in millions of euros)* | 12/31/2017 IFRS | 12/31/2017 Reclassification of joint ventures | 12/31/2017 Total | 12/31/2016 IFRS | 12/31/2016 Reclassification of joint ventures | 12/31/2016 Total | Change |
|---|---|---|---|---|---|---|---|
| Residential Property Development | (212.1) | (17.4) | (229.5) | (201.7) | (27.7) | (229.4) | (0.1) |
| Commercial Property Development | (24.0) | (31.8) | (55.8) | (81.5) | (15.4) | (96.9) | 41.1 |
| **NET WORKING CAPITAL REQUIREMENT [(a)]** | **(236.1)** | **(49.2)** | **(285.3)** | **(283.2)** | **(43.1)** | **(326.3)** | **41.0** |
| **NET DEBT [(a)]** | **11.7** | **22.8** | **34.4** | **53.2** | **30.7** | **83.9** | **(49.5)** |

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

The working capital requirement (WCR) went down by €41.0 million over the year 2017 to €285.3 million as the WCR of the Commercial Property Investment business declined from €96.9 million at the end of 2016 to €55.8 million at the end of 2017, mainly as a result of fewer land acquisitions in 2017.

Net debt from the Property Development Division stood at €34.4 million, down €49.5 million compared to December 31, 2016, due to the lower WCR.

### 3.1.4. Property Development backlog and service order book

The backlog represents contracts signed expressed in terms of revenues (excluding taxes) but not yet recognised for property development projects, based on the stage of completion and signed orders (excluding taxes).
The order book represents service contracts (excluding taxes) that have been signed but have not yet been executed.

| | 12/31/2017 | | | 12/31/2016 | | |
|---|---|---|---|---|---|---|
| *(in millions of euros)* | Total | Paris region & DOM-TOM (overseas) | Outside the Paris region | Total | Paris region & DOM-TOM (overseas) *(a)* | Outside the Paris region *(a)* |
| Residential Property Development | 1,119.5 | 511.7 | 607.8 | 1,058.2 | 392.2 | 666.0 |
| Commercial Property Development | 379.6 | 263.6 | 116.0 | 366.9 | 168.3 | 198.6 |
| Public and Healthcare Amenities Development | 107.2 | 16.6 | 90.6 | 142.2 | 57.8 | 84.4 |
| Project Management Support service order book | 37.3 | 36.5 | 0.8 | 29.7 | 28.1 | 1.6 |
| **TOTAL** | **1,643.6** | **828.4** | **815.2** | **1,597.0** | **646.4** | **950.6** |
| Share of total | 100.0% | 50.4% | 49.6% | 100.0% | 40.5% | 59.5% |

*(a) The financial year 2016 is presented based on the new organisational structure introduced in 2017.*

The Property Development Division's total backlog was up 2.9% to €1,643.6 million from €1,597.0 million as of December 31, 2016.
This change originates from:

- Increase in the Residential Property Development Division's backlog in connection with still strong housing orders;
- Resilience of the commercial backlog, as revenue recorded as construction projects progressed was almost fully renewed thanks to new contracts signed in 2017 for the following projects:
  - In Lyon, the 9,800-sq.m KARRE office building located at the heart of the Carré de Soie multimodal hub;
  - In Tours, as part of the Méliès project, a multiplex cinema (1,940 seats and a 499-space multi-storey car park), a hotel and a restaurant;
  - In Marseille, 6,580 sq.m of warehouses and ancillary offices, jointly developed with Eiffage on behalf of the company Alliance Healthcare Répartition;
  - In Toulouse, 3 buildings at the base of the Borderouge metro station (representing a total floor area of 10,000 sq.m), an off-plan sale agreement signed with Korian for the development of a 5,600 sq.m post-acute care (PAC) facility on the Oncopole site in Toulouse, and the DAURAT office development covering 7,034 sq.m and located in Blagnac, sold to property investor INEA;
  - In the municipality of Miramont (Lot-et-Garonne), a 119-bed nursing home (EHPAD);
  - In the municipality of Canohes (Pyrénées-Orientales), an elderly care complex consisting of an 81-bed nursing home and a 17-dwelling residence with services, with a total leasable floor area of 5,325 sq.m;
  - In the French West Indies (Antilles), a 14,000-sq.m hotel with a 3,716-sq.m conference centre in Les Trois-Îlets, on the island of Martinique, and a 9,632-sq.m hotel in Pointe-à-Pitre, on the island of Guadeloupe
  - In Villejuif (Paris region), a turnkey office building spanning 18,000 sq.m with a 9-year off-plan lease with no break option signed with the Orange Group;
- The order book for Delegated Project Management grew by 25.6%, driven mostly by new projects from the Commercial Property Investment Division.

## 3.2. Residential Property Development

| *(in millions of euros)* | 12/31/2017 | 12/31/2016 | Change |
|---|---|---|---|
| Economic revenue | 806.4 | 666.5 | 21.0% |
| Current economic operating profit/(loss) | 45.7 | 31.1 | 46.8% |
| **Current economic operating margin (current economic operating profit or loss/revenue)** | **5.7%** | **4.7%** | |

The acceleration in housing orders and sales by the Residential Property Development Division, which stems from market recovery, is reflected in the economic revenue of the Residential Property Development Division, which stood at €806.4 million as of December 31, 2017, up 21.0% compared to 2016.
The Property Development Division benefited from the recovery which was confirmed in the residential real estate market, still driven by individual investors in the rental property market (Pinel tax incentive scheme extended to December 31, 2021) and by home buyers who benefit from interest-free loans and from the implementation of the Priority Neighbourhoods government programme (QPV).
The solvency of buyers has been preserved thanks to a still very favourable low interest rate environment and longer loan maturities, which offset their very slight increase during the financial year. New build prices remained stable, although with significant variations between regions, intensified by the increased concentration of the French population in metropolitan areas.
Current economic operating profit/(loss) from the Residential Property Development Division increased to €45.7 million as of December 31, 2017 compared to €31.1 million as of December 31, 2016.

Main physical indicators as of December 31, 2017

| | 12/31/2017 | 12/31/2016 | Change |
|---|---|---|---|
| **Properties put on the market** | | | |
| Paris region & DOM-TOM (overseas) *(b)* | 2,596 | 2,105 | 23.3% |
| Outside the Paris region *(b)* | 3,315 | 3,185 | 4.1% |
| **TOTAL UNITS *(a)*** | **5,911** | **5,290** | **11.7%** |
| Paris region & DOM-TOM (overseas) *(b)* | 512.7 | 443.8 | 15.5% |
| Outside the Paris region *(b)* | 600.7 | 580.4 | 3.5% |
| **TOTAL REVENUE *(potential in millions of euros)*** | **1,113.4** | **1,024.2** | **8.7%** |
| **Projects started** | | | |
| Paris region & DOM-TOM (overseas) *(b)* | 1,623 | 1,435 | 13.1% |
| Outside the Paris region *(b)* | 3,069 | 3,691 | (16.9%) |
| **TOTAL UNITS** | **4,692** | **5,126** | **(8.5%)** |
| Paris region & DOM-TOM (overseas) *(b)* | 336.0 | 297.7 | 12.9% |
| Outside the Paris region *(b)* | 551.4 | 677.4 | (18.6%) |
| **TOTAL REVENUE *(potential in millions of euros)*** | **887.4** | **975.1** | **(9.0%)** |
| **Net housing orders** | | | |
| Housing orders *(in units)* | 5,776 | 5,665 | 2.0% |
| Housing orders *(in millions of euros including taxes)* | 1,082.6 | 1,114.8 | (2.9%) |
| Housing order cancellation rate *(in %)* | 18% | 14% | +4.0 pps |
| **Average sale price and average floor area based on orders** | | | |
| Average price including taxes per habitable sq.m *(in €/sq.m)* | 3,663 | 3,671 | (0.2%) |
| Average budget including taxes per housing unit *(in €k)* | 187.5 | 198.1 | (5.4%) |
| Average floor area per housing unit *(in sq.m)* | 51.2 | 54.0 | (5.2%) |

*(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.*

*(b)* *The financial year 2016 is presented based on the new organisational structure introduced in 2017.*

Breakdown of orders by type of customer

| | 12/31/2017 | 12/31/2016 |
|---|---|---|
| Social housing institutional investors (ESH) – social landlords | 25.9% | 21.9% |
| Institutional investors | 14.7% | 17.5% |
| Individual investors | 36.8% | 39.7% |
| Home buyers | 22.6% | 20.9% |
| **TOTAL** | **100.0%** | **100.0%** |

The number of housing units put on the market during the year 2017 was up 11.7% compared with the preceding year (5,911 as of December 31, 2017 vs. 5,290 as of December 31, 2016), and this increase was even stronger in the Paris region, which had experienced a slowdown in 2016.

Icade Promotion's net housing orders as of December 31, 2017 increased by 2.0% in volume terms compared to the previous year (5,665)—which was already a record for Icade Promotion—reaching 5,776 orders, and decreasing by 2.9% in value terms. The discrepancy between the increase in value and volume terms can be explained by a unit price lower than in the previous year due to sales of smaller housing units on average (average floor area of 51.2 sq.m in 2017 vs. 54.0 sq.m in 2016), and in particular to a stronger level of orders for managed residences (894 units in 2017 vs. 651 in 2016, a 37% increase).

In line with the recovery in the real estate market, the absorption rate improved from 10.3% as of December 31, 2016 to 10.7% at the end of 2017.

In line with the trend observed in H1 2017, orders from institutional investors and social housing companies remained significant at 40.6% of total orders made as of December 31, 2017, vs. 39.4% for the same period a year earlier. On the other hand, the proportion of individual investors using the Pinel tax incentive scheme continued to predominate. The number of orders from first-time buyers also slightly increased thanks to the new incentive measures taken by the government (especially the interest-free loan).

The unsold housing stock declined, with €24 million as of December 31, 2017 vs. €30 million as of December 31, 2016.

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

*Land portfolio*

The portfolio of residential land and building plots represented 11,365 units and potential revenues of €2.4 billion, a 12.5% increase in value terms compared to December 31, 2016 (10,449 units for €2.2 billion). This increase reflects the acceleration in the development strategy pursued by the Property Development Division and its new management, as part of the new strategic plan.

Icade Promotion continued to develop projects in synergy with the Commercial and Healthcare Property Investment divisions. For example, the Property Development and Commercial Property Investment divisions won two joint bids, one in Toulouse (Latécoère project) and the other in Paris (Poissonniers project). In both cases, in addition to those developed for the Commercial Property Investment Division, the Property Development Division will develop buildings to sell them to third parties—830 housing units in Toulouse and an 84-room hall of residence with common areas in Paris.

## 3.3. Commercial Property Development

| *(in millions of euros)* | 12/31/2017 | 12/31/2016 | Change |
|---|---|---|---|
| Economic revenue | 402.2 | 338.5 | 18.8% |
| Current economic operating profit/(loss) | 29.9 | 24.5 | 22.2% |
| **Current economic operating margin (current economic operating profit or loss/revenue)** | **7.4%** | **7.2%** | |

*Public and Healthcare Amenities Development*

As of December 31, 2017, revenue from Public and Healthcare Amenities Development dropped 13% to €105.5 million, as a result of the lower level of new contracts signed for this segment.

As of December 31, 2017, the portfolio of Public and Healthcare Amenities Development projects was equivalent to 250,457 sq.m (vs. 202,314 sq.m as of December 31, 2016), including 104,219 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 20,831 sq.m.

Icade Promotion and Icade Santé entered into a partnership agreement with the Korian Group. Most of the 16 projects that have been identified are expected to be completed in the next five years.

*Office, Hotel and Retail Property Development*

As of December 31, 2017, revenue from the Office, Hotel and Retail Property Development business reached €278 million, compared to €199 million as of December 31, 2016. This growth of as much as 39.7% was primarily driven by the numerous contracts signed in the past two years which contributed greatly to 2017 revenues. The largest contributors were: in the Paris region, the Twist (10,400 sq.m) and Thémis projects (10,655 sq.m), both located in the Clichy Batignolles development zone in Paris; and in Lyon, the OXAYA building (7,200 sq.m) and the regional headquarters of RTE (14,000 sq.m), both in the Gerland neighbourhood, as well as the Sky 56 building (31,471 sq.m), located in the Part Dieu neighbourhood.

As of December 31, 2017, Icade Promotion had a portfolio of projects in the Commercial and Retail Property Development segment of around 510,671 sq.m (vs. 507,657 sq.m as of December 31, 2016), including 218,643 sq.m under construction. In particular, the Property Development Division started construction of the building located in Villejuif (18,000 sq.m). In 2017, completions added up to 48,920 sq.m and included the 7,440-sq.m Le Conex building located at the base of the Lille Flandres train station in Lille, and the 7,550-sq.m Ivoire building in Lyon.

*Delegated Project Management*

The Delegated Project Management business focuses on synergistic projects developed for the Commercial and Healthcare Property Investment divisions.

In addition, Icade Promotion still possesses valuable expertise in the field of public amenities.

In 2017, revenue from this business activity stood at €18.8 million.