PRESS RELEASE

Paris, February 13, 2017, 7:30 a.m.

ONE YEAR AFTER LAUNCHING ITS STRATEGIC PLAN, ICADE REPORTS SIGNIFICANTLY IMPROVED 2016 FULL-YEAR RESULTS

- **NCCF per share: €4.41, i.e. +8.3%**
- **Portfolio value: €9.7bn[1], i.e. +6.2%**
- **Triple net asset value per share: €78.7, i.e. +7.6%**
- **Financial occupancy rate for the Commercial Property Investment Division: 91.1%, i.e. +4.3 pps**
- **Property Development: economic revenue[2] at €1,005m (+5.2%), backlog at €1,597m (+5.9%), housing orders: +41.7% YoY, land portfolio: €2.2bn including taxes (+28%)**
- **Proactive liability management: +2.1 years in average debt maturity to 6.6 years, average cost of debt at 2.18% (-53 bps)**
- **Actions recognised by non-financial rating agencies: "Green Star" rating from the Global Real Estate Sustainability Benchmark (GRESB), 4th out of 286 real estate companies according to Sustainalytics**
- **All priorities for 2016 have been achieved, Icade ahead of schedule on its strategic plan**
- **Development pipeline of €1.9bn as of December 31, 2016 (Commercial and Healthcare Property Investment)**
- **Dividend to be proposed to the AGM on April 20: €4.00 per share, +7.2%**

2017 outlook, Increase in NCCF per share : at least +4%

Key figures	12/31/2016	12/31/2015	*Change*
EPRA earnings from Property Investment (in €m)	**296.8**	**273.0**	+8.7%
EPRA Earnings from Property Investment per share	€4.02	€3.70	+8.6%
Group net current cash flow (in €m)	**325.4**	**300.1**	+8.4%
Group net current cash flow per share	€4.41	€4.07	+8.3%
Net profit/(loss) attributable to the Group (in €m)	**58.0**	**(207.6)**	-
EPRA triple net asset value per share	**€78.7**	**€73.1**	+7.6%
LTV ratio	**37.9%**	**38.0%**	(10) bps
Property Development ROE[3]	**6.1%**	**4.4%**	+ 170 bps

[1] *Value of the Commercial and Healthcare Property Investment divisions' portfolios (Group share: 56.51% of Icade Santé)*

[2] *Economic revenue = IFRS revenue adjusted in accordance with IFRS 11*

[3] *Return on equity = Net profit attributable to the Group / average allocated capital over the period*

1. A very active 2016 across Icade's 3 business lines

1.1 Commercial Property Investment

Active leasing activity

In 2016, the Commercial Property Investment Division **renewed 65 leases** across its office and business park portfolio. They cover a total floor area of 138,911 sq.m, with a weighted average unexpired lease term of 7.4 years and €33.1 million of annualised headline rental income[4].

122 new leases taking effect in 2016 or later and equivalent to a total floor area of 131,133 sq.m **were signed in 2016** and €40.0 million in annualised headline rental income[4].

Like-for-like exits resulting from tenant departures totalled 79,488 sq.m and €14.4 million of annualised rental income (IFRS)[4].

In parallel, **the marketing plan "*Coach Your Growth with* Icade" was launched in the business parks in July 2016.** This plan represents a €30 million investment spread over 2 years. It was first implemented in the Orly-Rungis business park as early as September 2016 and will be rolled out in Icade's 6 other main business parks by the end of 2017. Icade intends to grow the financial occupancy rate of its business parks by 89% by 2019.

As of December 31, 2016, the **financial occupancy rate** of the Commercial Property Investment Division stood at 91.1%, up 4.3 pps year-on-year (i.e. 95.8% for offices [+5.6 pps] and 87.1% for business parks [+3 pps]).

Gross rental income grew by 0.5% (excluding acquisitions and disposals) to €379.7 million and declined by 2% on a reported basis, especially due to the impact of disposals (- €12.4 million in rental income).

The margin rate of offices and business parks remained stable at 89.7%.

The weighted average unexpired lease term went up from 4.2 to 4.8 years.

Proactive asset management

Investments carried out in 2016 in the Commercial Property Investment Division amounted to €814 million, including inter alia:

- Acquisitions of operating assets for €403.5 million (Orsud, Arc Ouest, Parissy) with an average net initial yield of 5.5%,
- Off-plan acquisition for €191 million (Go Spring building, including €76.1 million paid out in 2016),
- New builds/extensions/redevelopments represented €129.3 million: Veolia's headquarters, Millénaire 4 building, Pulse (28,000 sq.m) and Origine (70,000 sq.m) projects, Défense 4/5/6, Open (Icade's future headquarters) and Crystal Park buildings,
- Renovation or restoration costs for €38.5 million,

[4] *Data based on the property assets remaining in the portfolio (excluding the 5 business parks and the office buildings that were sold)*

Asset disposals (offices and business parks) carried out in 2016 totalled €578.1 million. They included primarily:

- Disposal of 2 office buildings (Haussmann and Levallois) for a total of €263 million,

- Sale of 5 non-core business parks for a total of €286 million[5], which was one of the priorities for 2016.

These disposals generated a total capital gain of €19.4 million.

In 2016, the **portfolio** of the Commercial Property Investment Division **was valued at** €7.7 billion, up +3.5% on a like-for-like basis (+3.7% on a reported basis):

- The value of the office portfolio stood at €4.1 billion, an improvement of +6.5% on a like-for-like basis compared to 2015 (+11.6% on a reported basis),

- The value of the business park portfolio stood at €3.5 billion, an increase of +1.4% on a like-for-like basis (-3.2% on a reported basis) as a result of the sale of non core business parks,

This growth in portfolio values mainly reflects the positive impacts of yield compression and increased occupancy rates.

1.2 Healthcare Property Investment: strengthened leading position

Rental income from the Healthcare Property Investment Division increased by as much as +22.3% in 2016 to reach €207.3 million, mainly due to the acquisitions made in 2015

- Impact of changes in scope of consolidation: +€37.5 million,

- Slight like-for-like increase: +€0.4 million due to rent escalation.

The financial occupancy rate of the portfolio is 100%. The weighted average unexpired lease term stands at 8.2 years.

Investments carried out in 2016 in the Healthcare Property Investment Division amounted to €203.2 million. These investments mainly related to developments (€84.6 million), acquisitions (€65.7 million with an average net initial yield of 5.7%), and works to private hospitals currently operating (€52.9 million).

Lastly, **portfolio value** increased strongly by +10% on a like-for-like basis to €2.0 billion (Icade share), because of value growth in healthcare real estate as this segment is becoming increasingly attractive.

On a reported basis, the increase was higher (+16.7%) as a result of new acquisitions and of the dynamic portfolio of projects under development.

1.3 Property Development: business and earnings indicators on the rise

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

- **backlog** up +5.9% at €1,597 million, driven by:
    - growing **sales of housing units** (housing orders increased by +41.7%), boosted by the impact of the "Pinel" tax incentive scheme combined with loans with historically low interest rates,
    - **land portfolio** of over €2.2 billion including taxes (+28%),

In 2016, **economic revenue** rose by 5.2% to €1,005 million (66% derived from the Residential segment and 34% from the Commercial segment), with:

[5] *Including the sale of the Défense 3 building*

- Commercial revenue expanded by 30.9% €338.5 million: impact of the strong trend in backlog in the past 2 years,

- Residential revenue decreased by 4.4% to €666.5 million: unfavourable base effect due to the completion of the North East Paris project in 2015 (1,126 housing units in the 19th district of Paris, revenue of €80 million in 2015).

In 2016, IFRS revenue was up 3.1% to €913.1 million.

The current economic operating margin remained stable at 5.5%[6].

Over the year, **NCCF from Property Development** rose by 9.3% to €22.2 million.

As of the end of 2016, **ROE** stood at 6.1% vs. 4.4% in 2015, up +1.7 pps, driven by higher net profit attributable to the Group (+8.9%) and optimised allocated capital (€339.5 million as December 31, 2016, i.e. a 22.2% drop).

As a reminder, Icade Promotion is targeting revenues of €1.3 billion in 2018, ROE of 12% and a current economic operating margin between 6.5% and 7%.

2. 2016 full-year results

EPRA Earnings from Property Investment reached €296.8 million, a **8.7%** increase, including €205.6 million for the Commercial segment (+3%) and €91.2 million for the Healthcare segment (+24.4%).

Group net current cash flow, which includes EPRA Earnings from Property Investment and cash flow from Property Development and Property Services, was up +8.4% to €325.4 million.

EPRA triple net asset value rose by +8.1% to €5,820.9 million. It went up from €73.1 to €78.7 per share as of December 31, 2016.

This significant increase is the result not only of stronger business performance – which was reflected in the significant increase in NCCF – but also of portfolio value appreciation across all asset classes.

As of 31 December 2015, the **value of the whole property portfolio** was €9.7 billion, up 6.2% compared to the end of 2015 (+4.8% on a like-for-like basis).

Net profit attributable to the Group was a positive €58.0 million for 2016.

Optimised cost of debt and LTV ratio under control

In 2016, Icade took advantage of attractive market conditions to accelerate the optimisation of its financing structure, especially through:

- Two **bonds** for a total of €1,250 million on attractive terms (a €750 million, 10-year bond with a coupon of 1.75% issued in May, and a €500 million, 9-year bond with a coupon of 1.125% issued in November),

- **Refinancing of a mortgage** with Allianz for €225 million for a further term of 20 years, at a rate of 2.172%,

- **Two liability management transactions**: repayment of bank loans for €657 million, and 2 bond redemptions paid in cash for a total of €300 million,

- Thanks to the **unwinding of short-term swaps** for a notional amount of €892 million and to new long-term swaps taken out for a total of €250 million, 96% of Icade's debt was hedged against

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[6] *Current economic operating margin = Current economic operating profit/(loss) (IFRS current operating profit/(loss) adjusted in accordance with IFRS 11 and for trademark royalties expenses and holding company costs) divided by economic revenue (IFRS revenue adjusted in accordance with IFRS 11)*

interest rate risk as of the end of 2016 and the average maturity of hedges was significantly extended, from 2.9 to 5.5 years.

As a result, **the average debt maturity** was extended to 6.6 years as of December 31, 2016 (vs. 4.5 years as of December 31, 2015) and the average cost of debt reached 2.18% in 2016 vs. 2.71% in 2015 (-53 bps).

With an **LTV ratio** of 37.9% as of December 31, 2016, the Group remains fully able to raise more funds for the development of its operations.

In September 2016, **Standard & Poor's** affirmed Icade's long-term rating at BBB+ with a stable outlook, and its short-term rating at A2.

3. Dividend

Icade's Board of Directors will ask the General Meeting to be held on April 20, 2017 to approve a dividend of €4.00 per share for the financial year 2016 (+7.2% compared to the previous year's amount).

4. 2017 outlook

Icade's 6 priorities for the year 2017 are:

- Continue acquisitions and property development projects at a robust pace,
- Finalise the rollout of the "*Coach Your Growth with Icade*" marketing plan,
- Step up the development of synergies between the Commercial Property Investment and Property Development divisions,
- Ramp up the implementation of Icade Promotion's roadmap by taking advantage of favourable market conditions,
- Maintain proactive and secure liability management,
- Continue our investments in innovation and CSR.

From an operational perspective, the development pipeline of the Commercial and Healthcare Property Investment divisions on Icade's lands stands at €1.9 billion.

The financial year 2017 will be marked by significant projects in the Commercial Property Investment Division: completion in May of the Défense 4/5/6 office building (16,000 sq.m, fully pre-committed) and progress to be made on the Pulse project (28,000 sq.m of offices).

The Commercial Property Investment Division will also maintain its proactive acquisition strategy resumed in 2015.

With a development pipeline of €245 million, and acquisition projects, in 2017 the Healthcare Property Investment Division will continue its expansion strategy.

In 2017, the Residential Property Development Division will continue to benefit from positive market momentum and actions initiated within and outside the Paris region.

In January 2017, Icade already recorded several notable achievements (see press release published today).

In 2017, Group net current cash flow should grow by at least 4% compared with 2016.

5. A new visual identity

Icade today presented its new brand and visual identity (see press release published today as well).

Financial calendar 2017

General Meeting scheduled for April 20, 9:30 a.m.

Q1 financial information: April 28 before the market opens

Half-year results: July 24 before the market opens

Q3 financial information: October 20 before the market opens

Investor Day on November 27.

The consolidated financial statements as approved by the Board of Directors of February 10 have been audited by the Statutory Auditors and 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 2016 Full-Year Results to analysts on February 13, 2017, 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: http://edge.media-server.com/m/go/icadeFY2016/lan/fr

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

In English: http://edge.media-server.com/m/go/icadeFY2016/lan/en

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

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ABOUT ICADE

Building for every future

As an investor and a developer, Icade is an integrated real estate player and 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 working closely with stakeholders and users in the cities – local authorities and communities, companies and employees, institutions and associations… As a commercial and healthcare property investor (portfolio value of €9.7bn as of 12/31/16) and as a property developer (2016 revenues of €1,005m), Icade is able to reinvent the real estate business and foster the emergence of tomorrow's greener, smarter and more responsible cities. Icade is a significant player in the Greater Paris area and major French cities. Icade is listed on Euronext Paris as a French Listed Real Estate Investment Company (SIIC). Its leading shareholder is the Caisse des Dépôts Group.

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

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APPENDICES

December 31, 2016

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1. Group

1.1. Highlights of the financial year 2016

2016 was the first year of implementation of the strategic plan and brought about the following in-depth changes:

The governance structure was enhanced and the shareholding structure was simplified

The Combined General Meeting of May 23, 2016 approved the proposed merger by acquisition of HoldCo SIIC by Icade. HoldCo SIIC's was the holding company through which CDC and Groupama held their shares in Icade. Since it will result in a simplified shareholding structure (CDC and Groupama now hold direct stakes in Icade) and, consequently, in an improved governance model (two additional independent directors, all Board committees chaired by independent directors), the proposed merger will be beneficial to Icade and its shareholders.

As a result of this merger, Caisse des Dépôts and Groupama hold a 38.99% and 12.95% direct stake in Icade, respectively.

The Board of Directors consists of 15 members, including 7 appointed from among candidates from Caisse des Dépôts, 3 appointed from among candidates from Groupama, and 5 independent directors. It includes 47% of women and 1/3 of independent directors, which is in line with the recommendations of the AFEP-MEDEF Code of Corporate Governance and with legal requirements.

The Executive Committee is now complete

On June 30, Maurice Sissoko joined Icade as member of the Executive Committee in charge of the Property Development Division, thus replacing Hervé Manet. From 2008 to 2010, he had already served as a member of Icade's Executive Committee in charge of the Property Services Division. From September 2013, he was a director of Icade serving as a permanent representative of Caisse des Dépôts, where became in July 2015 an Adviser to the CEO of CDC, in charge of the preparatory mission for a public-sector property investment company dedicated to housing.

At the beginning of November 2016, Antoine de Chabannes joined Icade as member of the Executive Committee in charge of Portfolio Management. He is a graduate of ESCP Europe. He started his career in 2004 at Ernst & Young, and later joined the Corporate Finance department of Allianz France in 2011. In September 2012, he became Head of Portfolio Management and Corporate Management, and a member of the Executive Committee of Allianz Real Estate France. He will supervise the valuation and performance of Icade's portfolio, as well as studies and research.

Jean-François Galloüin, member of Icade's Advisory Board for Innovation, joined the company as Director of Innovation. He is an entrepreneur, a professor (CentraleSupélec and Essec), and a specialist in innovation and entrepreneurial issues.

Our 6 strategic priorities for 2016 have all been successfully achieved

In 2016, Icade achieved most of the 6 strategic priorities announced on November 2015 during the presentation of its new plan for the period 2015-2019:

- Completion of the sale of all Property Services operations
- Alignment of the management's interests with those of investors by implementing adequate remuneration schemes
- Confirmation of the sale of the 5 non-strategic business parks (€286 million) to refocus on the 7 main business parks
- Development of the first synergies between the Property Investment and Property Development divisions
- Analysis of investment opportunities in major French cities
- Definition of the action plan and first phase of the roll-out of the *Coach Your Growth with Icade* marketing plan in the business parks retained with a view to making them more attractive and increasing their occupancy rates.

Moreover, 2016 leasing activity was especially robust for the Commercial Property Investment Division

In the financial year 2016, the Commercial Property Investment Division renewed 65 leases covering a total area of 138,911 sq.m including the PwC lease in the Crystal Park building in Neuilly-sur-Seine (23,800 sq.m). These renewed leases represented a headline rent of €33.1 million implying a -11.98% discount compared to previous leases, since these leases signed at the peak of the cycle are now being realigned with current market conditions.

The Millénaire 4 building (24,500 sq.m) was entirely pre-leased to a leading company 6 months before its completion and represents a major achievement for the Commercial Property Investment Division. The 12-year lease started on October 17, 2016, on the day the building was completed. Icade also signed a new lease for 22,000 sq.m in the Millénaire 1 building (where Icade currently has its headquarters). The lease was signed for a term of 10 years with no break clause and will start in April 2018, after the relevant parts are renovated. These new leases confirm the appeal of the Millénaire business park, located in the North of Paris, in the 19th district.

Over the year 2016, Icade secured new leases for a total of over 131,000 sq.m representing €40 million.

In 2016, exits from the portfolio of leased space represented 79,500 sq.m, equivalent to €14.4 million of annual rental income.

Lastly, on July 5, 2016, Icade officially launched "*Coach Your Growth with Icade*", an ambitious 2-year plan to improve quality of life within business parks and an essential component of Icade's strategy for its business parks. This plan was first implemented in the Rungis business park in September 2016 and it will be rolled out in Icade's main business parks by the end of 2017.

The spot financial occupancy rate of the Commercial Property Investment Division reached 91.1% as of December 31, 2016, an increase of 4.3 pps compared to December 31, 2015. It was fuelled by an increase in its two main types of assets: offices (95.8%, i.e. +5.6 pps) and business parks (87.1%, i.e. +3.0 pps).

The year 2016 saw the ramp-up of the Healthcare Property Investment's portfolio following the major acquisition completed at the end of the financial year 2015: rental income strongly increased (+22.3%) over the year. The like-for-like analysis does not call for any particular comment since the Healthcare Property Investment Division benefits from very long leases and a 100% financial occupancy rate. Growth is therefore essentially propelled by external growth and extension or construction works in private hospitals which generate additional rental income.

In 2016, the Property Development Division's main business performance indicators improved significantly: land portfolio of over €2.2 billion of potential revenue (i.e. +28%), €1,597 million backlog (i.e. +5.9%), orders up +41.7% in volume terms and +32.8% in value terms, 14.2% increase in sales in volume terms, to 4,803 units in 2016.

In 2016, the Commercial Property Development Division signed several off-plan sales of office properties with leading institutional investors, especially in Lyon, with the "Oxaya" building (7,200 sq.m) in H1 and the "Karre" office building (9,800 sq.m) in H2 2016; and in Paris with the "Twist" project (10,400 sq.m) in the Clichy-Batignolles development zone (ZAC).

The year 2016 also saw the resumption of asset rotation in the Commercial Property Investment Division

Acquisitions carried out by Icade's Commercial Property Investment Division in 2016 (Orsud, Parissy and Arc Ouest) added up to €400 million with an average net initial yield of 5.5%. In addition, Icade signed an off-plan agreement with Bouygues Immobilier to purchase the "Go Spring" development for a total of around €191 million. The first phase of the project is scheduled to be completed in the spring of 2017 (14,100 sq.m).

In 2016, the Veolia (45,000 sq.m) and Millénaire 4 (24,500 sq.m) buildings were also completed on budget and on schedule.

As for acquisitions carried out by Icade Santé, they added up to €56.9 million with an average net initial yield of 5.7%. In addition, in 2016 Icade Santé acquired two plots of land for €5.9 million to build new private hospitals (overall commitment including construction work: €113 million).

At the end of 2016, Icade completed its plan to divest its non-core business parks and to refocus on its seven main business parks. Asset disposals carried out in 2016 totalled €286 million. They include the sale of the following business parks: Antony, Cergy, Evry, Villebon and Nanterre Seine (excluding the Axe Seine building), and the Défense 3 building.

Icade also sold the building located at 69 boulevard Haussmann in Paris for a total of €128 million. This mature asset (lease at market rent, substantial yield compression in this area) was sold under very favourable conditions since it generated a capital gain of €71.5 million.

An office building located in Levallois was also sold for €135 million to the French state, which used to occupy the building as a tenant and exercised its option to buy.

In total, disposals carried out by the Commercial Property Investment Division in 2016 added up to €587 million.

As part of the implementation of its strategic plan, Icade sold its Property Services operations. On July 22, 2016, Icade sold all its shares in the company I Porta to the Visiativ group, and on September 30, 2016 it sold its subsidiary Icade Property Management to the Foncia Group and its subsidiaries Icade Asset Management and Icade Conseil to the Colliers International Group.

Portfolio value increased sharply: it benefited from a significant increase in property values in the Healthcare segment, as well as from operational achievements that had a positive impact of the value of commercial assets (rise in the occupancy rate, especially in the office segment)

As of December 31, 2016, the value of the whole property portfolio increased by 6.2% compared with December 31, 2015. It expanded by 4.8% on a like-for-like basis, resulting from:

- +9.9% in the healthcare portfolio value as a result of strong yield compression in this segment in 2016;
- +6.5% in the office portfolio value as a result of the 14% increase in value of the EQHO tower (new leases taking effect in 2016) and the net reduction in outstanding rent-free incentives;
- +1.4% in the business park portfolio. This increase is the result of different situations depending on the asset's location. The Millénaire business park saw a 13.2% increase in value whereas the business parks located in the Outer Ring lost value.

Another highlight of the financial year 2016: Icade carried out a major optimisation of its funding structure, in a favourable market environment

Icade issued of two new bonds in 2016 and they were both very well received, thus confirming investors' confidence in Icade's credit quality:

- in May 2016 Icade issued of a 10-year, €750 million bond with an annual coupon of 1.750%. These funds were raised with a 123-bp spread over the benchmark rate;
- in November 2016, Icade issued of a 9-year, €500 million bond with an annual coupon of 1.125%. These funds were raised with a 82-bp spread over the benchmark rate.

After the bond issues and with a view to improving cost of debt and average debt maturity, Icade:

- prepaid €657 million in bank loans;
- unwound short-term swaps (< 2 years) for a notional amount of €892 million and took out new long-term swaps (7 and 10 years) for €250 million;
- redeemed two existing bonds in cash for an overall amount of €300 million.

Icade also refinanced a €225 million mortgage with Allianz for a further term of 20 years and with a fixed rate of 2.172% (thus replacing a 9-year mortgage with a fixed rate above 3%).

Finally, new revolving credit lines were signed for a total of €630 million, with a €300 million increase in the outstanding amount which further reduces the Group's liquidity risk.

As the company continued to optimise its funding structure:

- the average debt maturity went up to 6.6 years as of December 31, 2016, compared to 4.5 years as of December 31, 2015.
- the average cost of debt was lowered to 2.18% in 2016, compared to 2.71% in 2015.

This positively impacted Icade's net current cash flow in 2016 and will continue to do so in the years to come. A very significant proportion of the exceptional cost from the early unwinding of some debt and hedging instruments was recorded in 2016.

Lastly, in September 2016, Standard & Poor's affirmed Icade's long-term rating at BBB+ with a stable outlook and its short-term rating at A2.

1.2. Events after the balance sheet date

As part of the implementation of its strategic plan, Icade sold its stake in Icade Expertise on January 4, 2017. This deal marks the completion of the sale of its Property Services operations. This sale will have no significant impact on the consolidated income for financial year 2017.

1.3. Outlook

In January 2017, Icade already recorded several notable achievements:

- New lease signed with Groupama for 11,500 sq.m in the renovated Défense 4/5/6 office building complex (6-year lease with no break option, completion scheduled for May 2017);
- Metropolitan Campus in Villejuif: two leases renewed with LCL for 30,000 sq.m (10-year lease, retroactive to January 1, 2017) and disposal of 3 properties to LCL planned in Q2 and Q3 for €225m;
- Off-plan lease signed with URSSAF for 8,490 sq.m in the Pont de Flandres business park (completion scheduled for the summer of 2019, 9-year lease with no break option);
- New off-plan lease signed by Icade Promotion with Orange: 18,000 sq.m of office space in Villejuif due to be completed in Q4 2019 (9-year lease with no break option, and Orange has an option to buy exercisable until September 2017).

Furthermore, Icade's 6 priorities for the year 2017 are:

- Continue acquisitions and property development projects at a robust pace,
- Finalise the rollout of the "Coach Your Growth with Icade" marketing plan,
- Step up the development of synergies between the Property Investment and Property Development divisions
- Take advantage of favourable market conditions by ramping up the implementation of Icade Promotion's roadmap
- Maintain proactive and secure liability management
- Continue our investments in innovation and CSR

From an operational perspective**, the development pipeline of the Commercial and Healthcare Property Investment divisions, on plots of land for which construction projects are under development** stands at €1.9 billion.

The financial year 2017 will be marked by significant projects in the Commercial Property Investment Division: completion in May of the Défense 4/5/6 office building (16,000 sq.m - fully pre-committed) and progress to be made on the Pulse project (28,000 sq.m of offices),

The Commercial Property Investment Division will also maintain its proactive acquisition strategy resumed in 2015.

With a development pipeline of €245 million, and acquisition projects, in 2017 the Healthcare Property Investment Division will continue its expansion strategy. In 2017, the Residential Property Development Division will continue to benefit from positive market momentum and actions initiated outside the Paris region.

In 2017, Group net current cash flow should also grow by at least 4% compared with 2016.

1.4. Income and cash flow statements

1.4.1. IFRS consolidated income statement

In 2016, net profit/(loss) attributable to the Group was €58.0 million, driven by a significant improvement in its operating activities.

All the income statement indicators have improved and current finance income significantly increased. It should be noted that the major debt restructuring programme carried out during the year had an exceptional positive impact of €51 million.

The following presentation of the income statement, with a breakdown between current and non-current items, makes it possible to directly identify the Group's net current cash flow as of December 31, 2016 and the other non-current items.

	12/31/2016			12/31/2015			
(in millions of euros)	Current	Non-current	Total	Current	Non-current	Total	Change
Revenue	**1,492.7**		**1,492.7**	**1,439.7**		**1,439.7**	**3.7%**
Income from operating activities	1,497.6		1,497.6	1,443.3		1,443.3	
Purchases used	(745.6)		(745.6)	(717.5)		(717.5)	
Outside services	(88.2)		(88.2)	(97.3)		(97.3)	
Taxes, duties and similar payments	(12.4)		(12.4)	(11.1)		(11.1)	
Staff costs, performance incentive scheme and profit sharing	(117.2)		(117.2)	(108.5)		(108.5)	
Other operating expenses	(13.1)		(13.1)	(7.5)		(7.5)	
Operating expenses	(976.5)		(976.5)	(941.9)		(941.9)	
EBITDA	**521.1**		**521.1**	**501.5**		**501.5**	**3.9%**
Depreciation charges net of investment grants		(323.3)	(323.3)		(281.8)	(281.8)	
Charges and reversals related to impairment of tangible, financial and other current assets		49.6	49.6		(310.2)	(310.2)	
Profit/(loss) from acquisitions		1.3	1.3		(0.3)	(0.3)	
Profit/(loss) from asset disposals		19.4	19.4		129.2	129.2	
Impairment of goodwill and intangible fixed assets		0.1	0.1		0.1	0.1	
Share of profit/(loss) of equity-accounted companies	17.1	(22.7)	(5.6)	13.9	(22.3)	(8.4)	
OPERATING PROFIT/(LOSS)	**538.2**	**(275.5)**	**262.7**	**515.4**	**(485.4)**	**29.9**	**777.6%**
Cost of gross debt	(116.4)		(116.4)	(133.2)		(133.2)	
Net income from cash and cash equivalents, related loans and receivables	7.0		7.0	9.2		9.2	
Cost of net debt	**(109.4)**		**(109.4)**	**(123.9)**		**(123.9)**	**11.7%**
Other finance income and expenses	(3.9)	(50.2)	(54.1)	(4.4)	2.2	(2.2)	
FINANCE INCOME/(EXPENSE)	**(113.3)**	**(50.2)**	**(163.6)**	**(128.3)**	**2.2**	**(126.1)**	**(29.7%)**
Income tax	(30.0)	6.4	(23.6)	(27.3)	(36.2)	(63.5)	
Profit/(loss) from discontinued operations	2.8	10.6	13.3	(1.5)	(19.0)	(20.5)	
NET PROFIT/(LOSS)	**397.7**	**(308.8)**	**88.9**	**358.3**	**(538.5)**	**(180.2)**	**N/A**
Net profit/(loss) attributable to non-controlling interests	72.2	(41.3)	30.9	58.2	(30.8)	27.4	
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**325.4**	**(267.5)**	**58.0**	**300.1**	**(507.7)**	**(207.6)**	**N/A**
Average number of diluted shares outstanding used in the calculation			73,848,960			73,737,524	
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP (in euros per share after dilution)	**€4.41**	**(€3.62)**	**€0.78**	**€4.07**	**(€6.88)**	**(€2.81)**	

1.4.2. Group net current cash flow

Group net current cash flow is one of Icade's key indicators since it includes items from both the Property Investment and the Property Development Divisions. It is the basis of the dividend policy and it primarily comprises the following two items:

- "EPRA earnings from Property Investment" which represents the current income from the Commercial Property Investment and Healthcare Property Investment activities in accordance with EPRA recommendations (European Public Real Estate Association) net of depreciation charges, impairment loss and reversals of impairment losses over the period; and
- "Net current cash flow – Property Development" which measures the cash flow from Property Development activities.

Group net current cash flow sharply increased to €325.4 million (€4.41 per share) as of December 31, 2016, versus €300.1 million as of December 31, 2015 (€4.07 per share), corresponding to an increase of 8.4%.

This improvement is the result of 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: 2.4%, 24.3% and 9.3%, respectively.

As of December 31, 2016, the contribution of the Commercial Property Investment Division was 65.7%, that of the Healthcare Property Investment Division was 28.0%, and that of the Property Development Division is 6.8%. It should be noted that all holding company costs are included in the Commercial Property Investment Division.

(in millions of euros)	12/31/2016				12/31/2015				Change 2016 vs. 2015	
	EPRA earnings from Property Investment	%	NCCF	%	EPRA earnings from Property Investment	%	NCCF	%	EPRA earnings from Property Investment	NCCF
Commercial Property Investment	205.6	69.3%	213.9	65.7%	199.6	73.1%	208.8	69.6%	3.0%	2.4%
Healthcare Property Investment	91.2	30.7%	91.2	28.0%	73.3	26.9%	73.3	24.4%	24.3%	24.3%
Total Property Investment (1)	**296.8**	**100.0%**	**305.1**	**93.7%**	**273.0**	**100.0%**	**282.2**	**94.0%**	**8.7%**	**8.1%**
Property Development			22.2	6.8%			20.3	6.8%		9.3%
Other (2)			(1.9)	(0.6%)			(2.4)	(0.8%)		21.8%
Total Group			**325.4**	**100.0%**			**300.1**	**100.0%**		**8.4%**
Total Group (in euros per share)	**€4.02**		**€4.41**		**€3.70**		**€4.07**		**8.6%**	**8.3%**

(1) EPRA Earnings includes the depreciation of operating assets which are excluded from net current cash flow.
(2) "Other" includes intersegment transactions and discontinued operations.

1.4.3. Segment reporting

As of December 31, 2016, discontinued operations were recognised in accordance with IFRS 5 and classified in a column called "Intersegment transactions and other items" in the segment information. This presentation was also applied to the comparative segment information.

As of December 31, 2016, segment reporting is divided into 4 main categories: Commercial Property Investment Division, Healthcare Property Investment Division, Property Development Division and "Other".

Holding company activities are included in the Commercial Property Investment Division.

1.5. EPRA reporting as of December 31, 2016

Below, Icade presents 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 standard indicators for the property investment sector.

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

1.5.1. EPRA net asset value as of December 31, 2016

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 the Property Development company.

The Group's triple net asset value stood at €5,820.9 million as of December 31, 2016 (€78.7 per share), an increase of +7.6% compared to December 31, 2015.

(in millions of euros)		12/31/2016	06/30/2016	12/31/2015
Consolidated equity attributable to the Group[a]	(1)	3,435.2	3,344.3	3,592.5
Impact of the dilution of securities convertible or exchangeable into equity instruments[b]	(2)	0.0	0.0	0.0
Unrealised capital gains on property assets (excl. duties)	(3)	2,377.1	2,200.9	1,810.0
Unrealised capital gains on investments in equity-accounted property investment companies (excl. duties)	(4)	22.8	22.0	21.0
Unrealised capital gains on Property Development and Property Services companies[c]	(5)	81.5	61.5	51.1
Unrealised capital gains on investments in equity-accounted Property Development companies	(6)	47.1	40.6	59.6
Adjustment for the revaluation of interest rate hedges	(7)	1.2	62.7	60.8
EPRA net asset value attributable to the Group	**(8)=(1)+(2)+(3)+(4)+(5)+(6)+(7)**	**5,964.9**	**5,732.1**	**5,595.0**
Revaluation of interest rate hedges	(9)	(1.2)	(62.7)	(60.8)
Revaluation of fixed-rate debt	(10)	(132.4)	(183.4)	(135.7)
Tax on unrealised capital gains on investments in Property Development and Services companies[d]	(11)	(10.3)	(12.4)	(15.4)
EPRA triple net asset value attributable to the Group	**(12)=(8)+(9)+(10)+(11)**	**5,820.9**	**5,473.6**	**5,383.0**
Number of fully diluted shares[e]	n	73,987,751	73,779,542	73,607,581
EPRA net asset value per share *(attributable to the Group - fully diluted in euros)*	**(8)/n**	**80.6**	**77.7**	**76.0**
Year-on-year change		*6.1%*		
EPRA triple net asset value per share *(attributable to the Group - fully diluted in euros)*	**(12)/n**	**78.7**	**74.2**	**73.1**
Year-on-year change		*7.6%*		

[a] Including Net profit attributable to the Group of +€58.0 million for 2016.
[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 obtained from the stock options exercisable at the end of the period.
[c] As of December 31, 2016, unrealised capital gains only came from Property Development companies.
[d] Calculated at a rate of 34.43% for shares held for less than two years and at a rate of 4.13% for shares held for more than two years. For shares owned directly by Icade, these rates were subject to the exceptional contribution (*contribution exceptionnelle*) as of December 31, 2015, increasing them respectively to 38.0% and 4.56%.
[e] Stands at 73,987,751 as of December 31, 2016, after cancelling treasury shares (-206,644 shares) and the positive impact of dilutive instruments (+83,209 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 12/31/2015 (in euros per share)	**€73.1**
Dividends paid in H1	€(3.7)
Consolidated profit/(loss) for the year attributable to the Group	+€0.8
Change in fair value of financial derivatives	+€0.5
Change in unrealised capital gains on real estate assets and investments in equity-accounted property investment companies	+€7.7
Change in unrealised capital gains on Property Development and Property Services companies	+€0.2
Change in fair value of fixed-rate debt	+€0.0
Impact of the change in the number of diluted shares on NAV per share	€(0.4)
Other	+€0.4
EPRA TRIPLE NAV ATTRIBUTABLE TO THE GROUP AS OF 12/31/2016 (in euros per share)	**€78.7**

The favourable trend in EPRA triple net asset value can be explained by the following:

- Performance of the different business lines with a significant increase in Group net current cash flow (+8.3%) compared to 2015;
- Increase in value of property assets from the Property Investment Divisions (Commercial and Healthcare) with a like-for-like rise of €409.6 million (i.e. +4.8%);
- Performance of the Property Development company: increase in unrealised capital gain net of tax of €29.8 million (+25%) due to a significant improvement in the main physical indicators and, therefore, in the 5-year business plan used in the valuation;
- The change in equity including the dividend distribution of €3.73 per share made in 2016 for financial year 2015, which represents 91.7% of 2015 Group net current cash flow;
- Net negative impact (-€51 million) of Icade's debt restructuring on the net asset value as of December 31, 2016.

1.5.2. 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)	12/31/2016	12/31/2015	Year-on-year change (%)
	NET PROFIT/(LOSS)	**88.9**	**(180.2)**	
	Net profit/(loss) – Other activities (1)	32.9	1.9	
(a)	**NET PROFIT/(LOSS) FROM PROPERTY INVESTMENT (2)**	**56.0**	**(182.1)**	
(i)	Change in value of investment properties and depreciation charges	(263.9)	(582.2)	
(ii)	Profit/(loss) from asset disposals	19.1	128.5	
(iii)	Profit/(loss) from acquisitions	(0.6)	(0.3)	
(iv)	Tax on profits from disposals and impairments			
(v)	Negative goodwill on acquisition / goodwill impairment	1.9		
(vi)	Change in fair value of financial instruments and restructuring of financial liabilities	(50.3)	2.2	
(vii)	Acquisition costs on share deals			
(viii)	Tax charge related to EPRA adjustments	5.5	(37.0)	
(ix)	Adjustment for equity-accounted companies	(22.7)	(22.6)	
(x)	Minority interests (Healthcare Property Investment)	70.2	56.4	
(b)	**TOTAL ADJUSTMENTS**	**(240.9)**	**(455.0)**	
(a-b)	**EPRA EARNINGS FROM PROPERTY INVESTMENT**	**296.8**	**273.0**	**8.7%**
	Average number of diluted shares outstanding used in the calculation	73,848,960	73,737,524	
	EPRA EARNINGS FROM PROPERTY INVESTMENT IN € PER SHARE	**€4.02**	**€3.70**	**8.6%**

(1) Other activities are: property development, discontinued operations and intersegment transactions.

(2) Profit/(loss) from the continuing operations of the Commercial Property Investment and Healthcare Property Investment Divisions.

EPRA earnings from Property Investment totalled €296.8 million as of December 31, 2016, up +8.7% compared to 2015. This improvement was driven by improved operational performance in Healthcare and Commercial Property Investment.

1.5.3. 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 buildings of healthcare facilities. It is carried out after adjustment for Icade Santé's minority interests.

	12/31/2016	06/30/2016	12/31/2015
ICADE NET YIELD [1]	**6.4%**	**6.9%**	**7.2%**
Impact of estimated duties and fees	(0.3)%	(0.4)%	(0.4)%
Adjustment for potential rents from vacant properties	(0.4)%	(0.6)%	(0.9)%
EPRA TOPPED-UP NET INITIAL YIELD [2]	**5.7%**	**5.8%**	**5.9%**
Inclusion of rent-free periods	(0.6)%	(0.5)%	(0.3)%
EPRA NET INITIAL YIELD [3]	**5.1%**	**5.4%**	**5.6%**

[1] 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.

[2] Annualised net rental income from leased space, excluding lease incentives, divided by the appraised value including duties of operating properties.

[3] 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 0.5 pp compared to December 31, 2015, mainly due to a like-for-like increase in appraised values of €409.6 million (4.8% in the entire portfolio) and to the disposal of non-core business parks which are high-recurring yield assets.

1.5.4. 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 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 Icade Santé's minority interests.

	12/31/2016	06/30/2016	12/31/2015
Total office and business park assets	9.0%	12.6%	12.8%
Other assets	16.5%	16.6%	18.3%
COMMERCIAL PROPERTY INVESTMENT DIVISION (excluding Residential)	**9.1%**	**12.6%**	**12.8%**
HEALTHCARE PROPERTY INVESTMENT DIVISION (based on proportionate consolidation)	**0.0%**	**0.0%**	**0.0%**
TOTAL PROPERTY INVESTMENT (excluding Residential)	**7.1%**	**9.8%**	**10.3%**

The EPRA vacancy rate strongly declined over the past 12 months, especially due to the completion in H2 2016 of the Veolia and Millénaire 4 buildings, both fully pre-leased, and the disposal of non-core business parks that had a high vacancy rate.

1.5.5. EPRA cost ratio for the Property Investment Division

The data below present a detailed calculation of the cost ratio, in accordance with the definition recommended by EPRA, for operations of the Commercial Property Investment (excluding Residential Property Investment) and Healthcare Property Investment divisions (after adjustment for minority interests).

		12/31/2016	12/31/2015
	Includes:		
(i)	Structural costs and other overhead costs	(87.5)	(83.7)
(ii)	Service charges net of recharges to tenants	(30.8)	(31.2)
(iii)	Management fees net of actual/estimated profit element		
(iv)	Other recharges intended to cover overhead expenses	41.8	41.3
(v)	Share of equity-accounted companies of overheads and expenses	(2.4)	(3.5)
(vi)	Share of non-controlling interests of overheads and expenses	6.9	5.6
	Excludes:		
(vii)	Depreciation of investment properties	-	-
(viii)	Ground rent costs	(2.1)	(2.1)
(ix)	Other service charge costs recovered through rents but not separately invoiced	(0.1)	(0.2)
(A)	**EPRA COSTS (INCLUDING DIRECT VACANCY COSTS)**	**(69.8)**	**(69.1)**
(x)	**Direct vacancy costs**	**(27.7)**	**(28.6)**
(B)	**EPRA COSTS (EXCLUDING DIRECT VACANCY COSTS)**	**(42.2)**	**(40.6)**
(xi)	Gross rental income less ground rent costs	570.1	540.1
(xii)	Other service charge costs recovered through rents but not separately invoiced		
(xiii)	Plus: share of rental income less ground rent costs of equity-accounted companies	9.0	9.5
(xiv)	Share of non-controlling interests of rental income less ground rent costs	(90.2)	(73.7)
(C)	**GROSS RENTAL INCOME**	**488.9**	**475.9**
(A/C)	**EPRA COST RATIO - PROPERTY INVESTMENT (INCL. DIRECT VACANCY COSTS)**	**14.3%**	**14.5%**
(B/C)	**EPRA COST RATIO - PROPERTY INVESTMENT (EXCL. DIRECT VACANCY COSTS)**	**8.6%**	**8.5%**

As of December 31, 2016, the EPRA cost ratio slightly decreased to 14.3% including vacancy costs and 8.6% excluding vacancy costs. Vacancy cost went down by €0.9 million to €27.7 million as of December 31, 2016 (vs. €28.6 million as of December 31, 2015) as a result of an improved occupancy rate in the Commercial Property Investment Division in the past 12 months.

1.6. Financial resources

During the year 2016, Icade implemented an in-depth restructuring programme to continue the optimisation of its financial resources and benefit from very favourable financing terms.

Most notably, the company successfully completed two new bonds issues:

- at the end of May, Icade issued a new 10-year, €750 million euro-denominated bond with a 123-bp spread over the benchmark rate (i.e. a 1.75% coupon);
- in early November, Icade issued a second 9-year, €500 million euro-denominated bond, with a margin of 82 bps above the benchmark rate (i.e. a 1.125% coupon).

These new issues were largely oversubscribed by French and foreign investors, confirming their confidence in Icade's credit quality.

The Group also conducted several major transactions over the year:

- refinancing of a €225 million mortgage for a further term of 20 years and with a fixed rate of 2.172%;
- optimisation of Icade’s hedging structure through the subscription of €250 million in long-term swaps in an environment of historically low rates, and the unwinding of swaps for a notional amount of €892 million;
- redemption of existing bonds for an overall amount of €300.2 million: €254.9 million for the bond maturing in 2019 and €45.3 million for the bond maturing in 2021;
- early repayment of €657 million in bank loans;
- signing of a 2-year, €50m loan in favour of Icade Santé.

All of these transactions allowed the Group to continue implementing an appropriate and optimised financial policy: lower average cost of debt, longer average debt maturity and more diversified financial resources.

The average cost of debt reached an all-time low in the financial year 2016 at 2.18%, and the average debt maturity stood at 6.6 years as of December 31, 2016, an increase of over 2 years.

The loan-to-value (LTV) ratio stands at 37.9%, partly due to an overall increase in the value of the property portfolio.

All in all, Icade's balance sheet fundamentals improved very significantly in 2016.

1.6.1. Liquidity

Icade's financial resources were strengthened during 2016 by renewing existing credit lines, setting up new ones and increasing the outstanding amount of Negotiable European Commercial Paper (NEU CP). The main financing transactions were as follows:

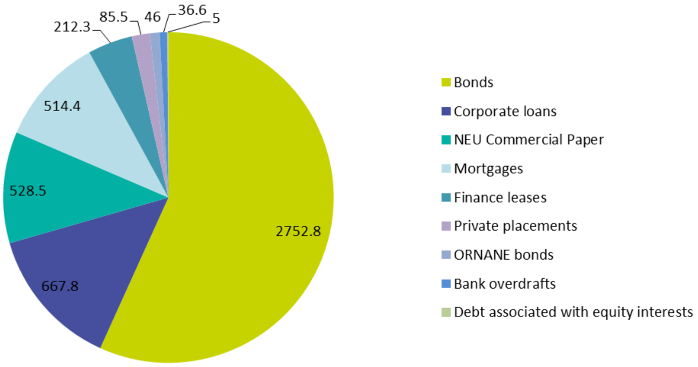
- cancellation of €470 million in revolving credit;
- signing of €630 million in medium- and long-term revolving credit lines (maturity over 5 years on average);
- issue of NEU CP to reach an outstanding amount of €528.5 million at the end of the year (€226 million increase between December 31, 2015 and December 31, 2016).

Icade now has a fully-available undrawn amount from short- and medium-term credit lines of €1,580 million compared with €1,440 million as of December 31, 2015. These undrawn amounts as of December 31, 2016 cover more than two years of debt principal and interest payments.

1.6.2. Debt structure as of December 31, 2016

1.6.2.1. Debt by type

As of December 31, 2016, gross financial liabilities stood at €4,849.0 million and broke down as follows:



As of December 31, 2015, gross financial liabilities amounted to €4,672.6 million. The €176.4 million change is explained in the following graph:

Net financial liabilities amounted to €4,451.3 million as of December 31, 2016, representing an increase of €330.1 million compared to December 31, 2015.

The change between these two dates is mainly explained by the increase in medium- and long-term financial liabilities and an optimised management to reduce cash since short-term investment returns are currently low.

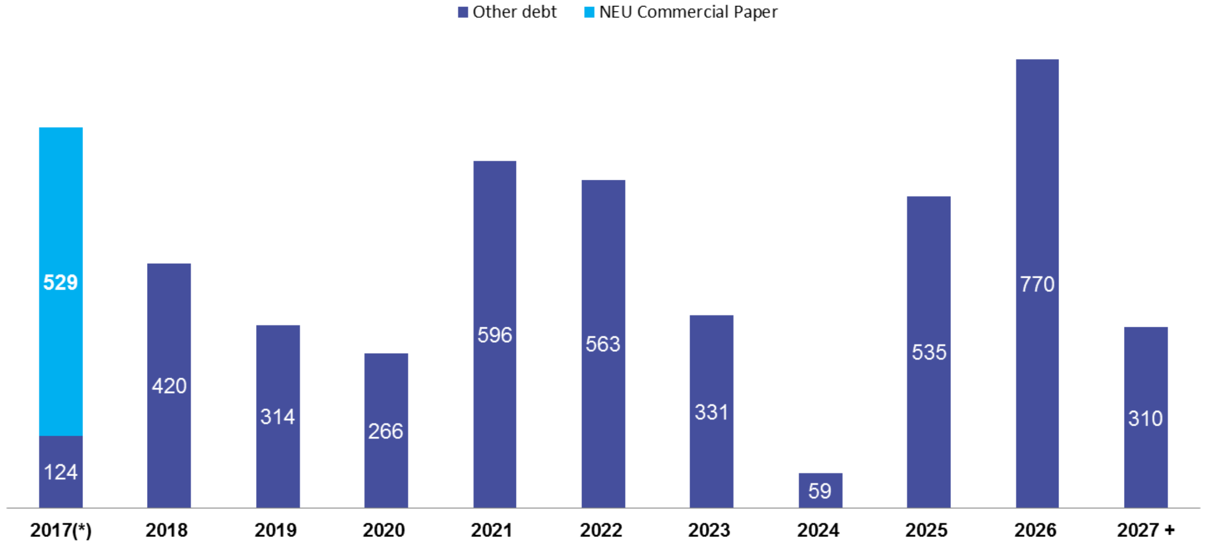
The new debt facilities implemented during the financial year 2016 (excluding NEU CP and revolving credit lines) had an average credit spread of 118 bps and an average maturity of 11 years.

1.6.2.2. Debt by maturity date

The maturity schedule of debt drawn by Icade (excluding overdrafts) as of December 31, 2016 is as follows:

MATURITY SCHEDULE OF DRAWN DEBT

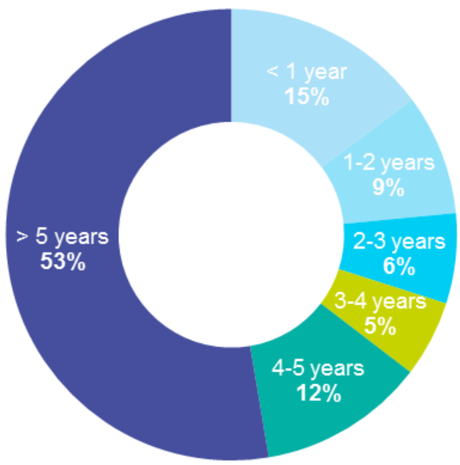
(December 31, 2016, in millions of euros)



**Including €528.5 million of NEU CP*

BREAKDOWN OF DEBT BY MATURITY

(December 31, 2016)



The average debt maturity was 6.6 years as of December 31, 2016 (excluding NEU CP) while it stood at 4.5 years as of December 31, 2015. Thanks to the debt raised in 2016, especially the 9- and 10-year bonds, the refinancing of a mortgage for a further term of 20 years, the redemption of bonds and prepayment of bank loans, the average maturity of Icade's debt increased to over 6 years.

1.6.2.3. Debt by division

After allocation of intra-group financing, almost 100% of the Group's debt is used by the Commercial and the Healthcare Property Investment Divisions.

1.6.2.4. Average cost of debt

In 2016, the average cost of debt was 1.80% before hedging and 2.18% after hedging, compared with 1.94% and 2.71% in 2015, respectively.

This strong decrease in the average cost of debt between 2015 and 2016 was achieved through the proactive management of existing debt and interest rate hedging.

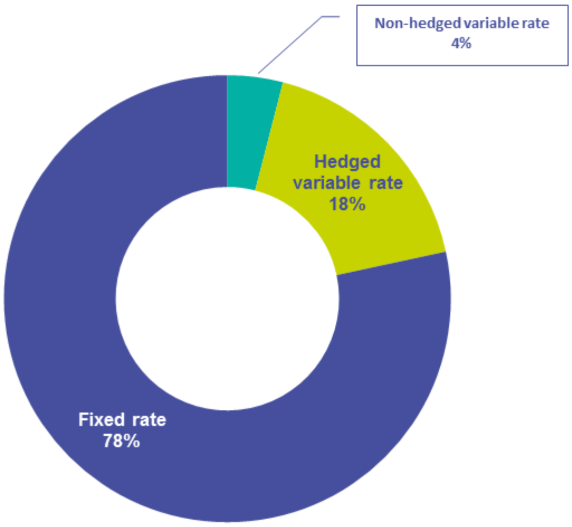
1.6.2.5. Management of interest rate risk exposure

Variable rate debt represented nearly 22% of total debt as of December 31, 2016 (excluding debt associated with equity interests and bank overdrafts).

In 2016, 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). As of December 31, 2016, hedged variable rate debt accounted for 18% of total debt while unhedged variable rate debt accounted for 4% of total debt.

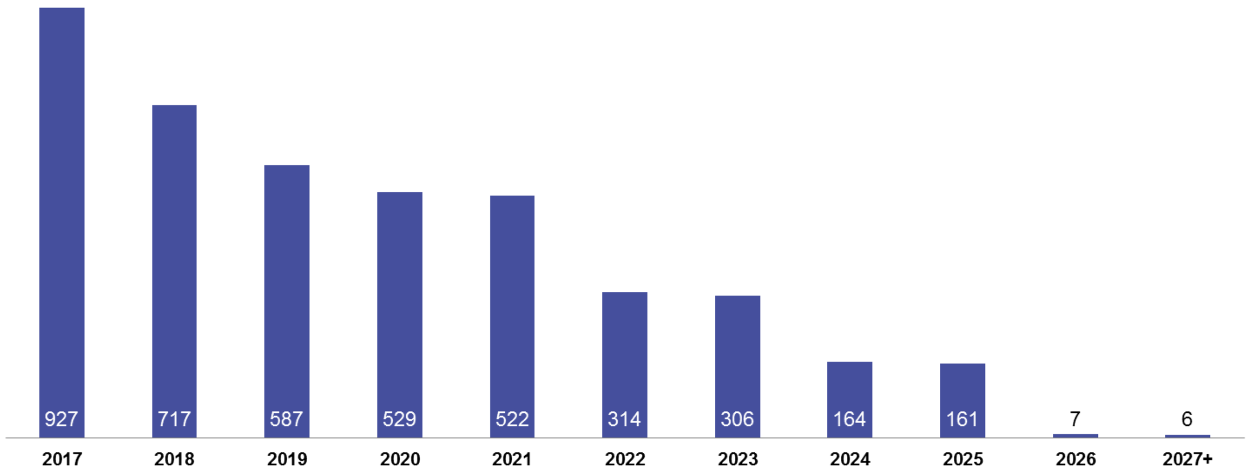
BREAKDOWN OF DEBT BY TYPE OF RATE (EXCLUDING PAYABLES ASSOCIATED WITH EQUITY INTERESTS AND BANK OVERDRAFTS)

(December 31, 2016)



OUTSTANDING HEDGING POSITIONS *

(December 31, 2016, in millions of euros)



*excluding notionals from floors (when used to hedge the same debt as caps)

Most of the debt (96%) 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:

	12/31/2016									
	Financial assets (a)		Financial liabilities (b)		Net exposure before hedging (c) = (b) - (a)		Interest rate hedging instruments (d)		Net exposure after hedging (e) = (d) - (c)	
(in millions of euros)	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
< 1 year	0.1	384.1	613.7	104.1	613.6	(280.0)	-	321.1	(613.6)	601.1
1 to 2 years	-	-	17.6	402.5	17.6	402.5	-	209.8	(17.6)	(192.7)
2 to 3 years	-	-	262.0	51.5	262.0	51.5	-	149.5	(262.0)	98.0
3 to 4 years	-	-	16.4	249.2	16.4	249.2	-	58.0	(16.4)	(191.2)
4 to 5 years	0.1	-	454.3	124.3	454.2	124.3	-	7.2	(454.2)	(117.1)
> 5 years	26.8	-	2,402.2	151.1	2,375.3	151.1	-	521.8	(2,375.3)	370.6
TOTAL	**27.0**	**384.1**	**3,766.2**	**1,082.8**	**3,739.2**	**698.6**	**-**	**1,267.4**	**(3,739.2)**	**568.8**

The average maturity of variable rate debt is 3.3 years; and 5.5 years for the related hedges, allowing adequate hedging, and anticipating coverage of future financing needs.

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

1.6.3. Credit rating

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

After its annual review, in September 2016, Standard & Poor's affirmed Icade's long-term rating at BBB+ with a stable outlook and its short-term rating at A2.

1.6.4. Financial structure

1.6.4.1. Financial structure ratios

1.6.4.1.1. LTV (loan-to-value) ratio

The LTV ratio (net financial liabilities divided by the latest valuation of property assets excluding duties [total share] plus the value of property development companies) stood at 37.9% as of December 31, 2016 (compared with 38.0% as of December 31, 2015).

The level recorded at December 31, 2016, below Icade's policy (LTC ratio around 40%), gives a lot of leeway to seize potential growth or development opportunities.

In addition, this ratio is still well below maximum levels established by the financial covenants stipulated in the bank agreements (52% where this ratio is mentioned as a covenant). These covenants do not provide for the inclusion of the value of the Property Development company in the calculation of the ratio. On this basis, the LTV ratio stands at 39.5%, equal to that of December 31, 2015.

If the value of the portfolio used for its calculation was valued including duties and if the fair value of interest rate derivatives was not included in net debt, the adjusted LTV ratio would be 36.0% as of December 31, 2016.

1.6.4.1.2. ICR (interest coverage ratio)

The interest coverage ratio based on the EBITDA plus the Group's share in profit/(loss) of equity-accounted companies was 4.71x for the financial year 2016. This ratio, which was calculated using the same method as in the previous financial year, was up from 3.98x in 2015 due to increased EBITDA and the restructuring of liabilities which resulted in a lower cost of debt.

During the financial year 2016, this ratio was standardised in all bank agreements, where it is used as covenant. It is now a performance indicator in line with the market's expectations and which is less volatile.

	12/31/2016	12/31/2015
Ratio of net financial liabilities/asset value (LTV)[1]	37.9%	38.0%
Interest coverage ratio based on the EBITDA plus the Group's share in profit/(loss) of equity-accounted companies	4.71x	3.98x

[1] Includes the balance sheet value of the property development companies.

1.6.4.2. Table of covenants

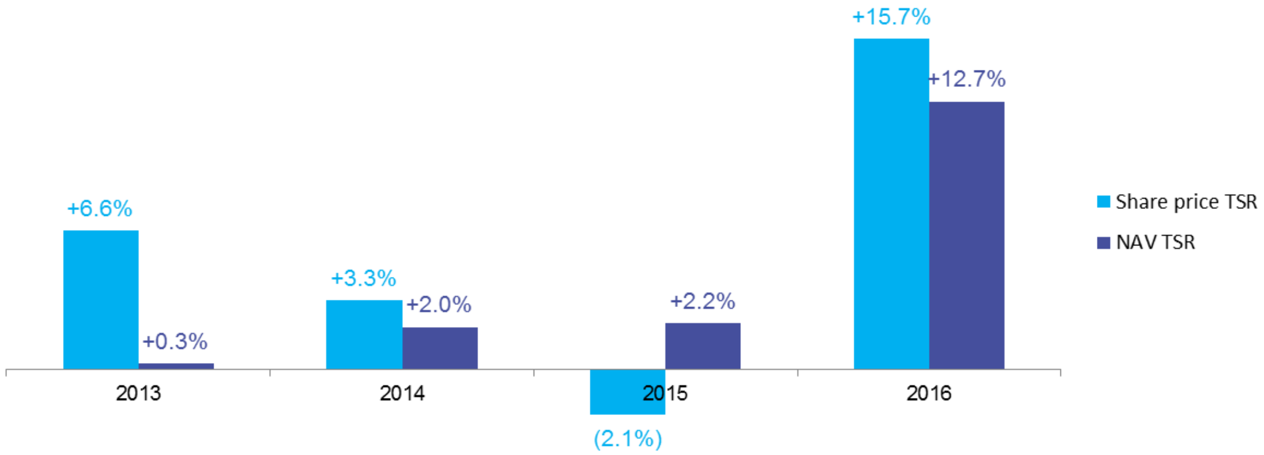
		Covenants	12/31/2016
LTV covenant (1)	Maximum	<52%	39.5%
ICR	Minimum	> 2	4.71x
CDC's stake	Minimum	34%	38.99%
Value of Property Investment assets (2)	Minimum	from > €1.7 billion to > €7 billion	€11.3 billion
Debt from Property Development subsidiaries/consolidated gross debt	Maximum	<20%	0.7%
Security interests in assets	Maximum	< 20% of property investment assets	6.5%

(1) Excluding other loans and similar liabilities (LTV < 50%)

(2) Around 7% of the debt subject to a covenant on the value of the Property Investment Division's portfolio has a limit of €1.7 billion, 2% of the debt has a limit of €2 billion, 7% of the debt has a limit of €3 billion, 13% of the debt has a limit of €5 billion and the remaining 71% has a limit of €7 billion.

All covenants were met as of December 31, 2016, and remain comfortably within the limits.

1.7. Share performance and NAV performance

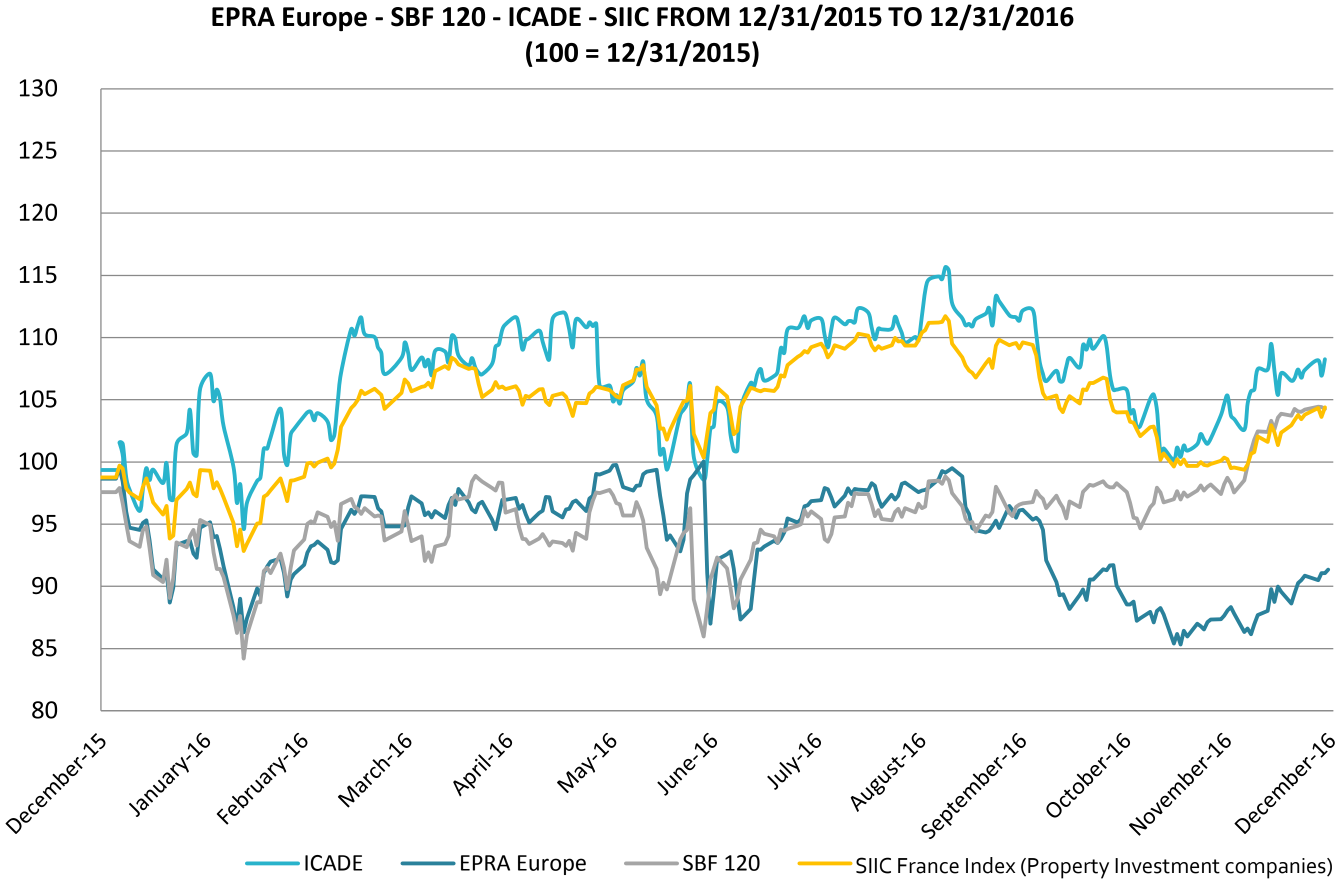


The Icade share outperformed the EPRA France index in 2016, with a market return of **9.5%** and a total shareholder return, with dividends reinvested, around **15.7%**.

It is calculated as the difference between the share price at the beginning and at the end of the period under consideration (assuming that all dividends paid out are reinvested in shares at the share price as of the ex-dividend date), divided by the share price at the beginning of the period.

The TSR, which is based on the change in net asset value for financial year 2016, stands at **12.7%**, showing a clear improvement compared to previous years.

It is calculated as the difference between the net asset value at the beginning and at the end of the period (adjusted for dividends paid out during the period), divided by the net asset value at the beginning of the period.


EPRA Europe - SBF 120 - ICADE - SIIC FROM 12/31/2015 TO 12/31/2016
(100 = 12/31/2015)
130
125
120
115
110
105
100
95
90
85
80
December-15
January-16
February-16
March-16
April-16
May-16
June-16
July-16
August-16
September-16
October-16
November-16
December-16
ICADE
EPRA Europe
SBF 120
SIIC France Index (Property Investment companies)

2. Property Investment Divisions

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

The Property Investment Division consists of the following activities:

- The Commercial Property Investment Division, whose portfolio includes office assets located in the Paris region is worth €7.6 billion. It can be broken down between office buildings valued at €4.1 billion and business parks (also mainly composed of office assets) valued at €3.5 billion. A residual portfolio of assets, such as warehouses and residential units should also be noted (value of €135 million as of December 31, 2016, i.e. 1.8% of the Commercial Property Investment Division's portfolio).
- The Healthcare Property Investment Division, valued at €3.6 billion (€2.0 billion on a proportionate consolidation basis), is mainly made up of properties where private hospitals such as medicine, surgery and obstetrics (MSO) facilities, and follow-up and rehabilitation care (FRC) facilities are located.

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)" shows the main indicator relevant for the analysis of the profit/(loss) of these two divisions.

Therefore, EPRA earnings from Property Investment totalled €296.8 million as of December 31, 2016, up 8.1% compared to 2015 (see the analysis by Property Investment Division in the following pages).

	12/31/2016			12/31/2015 Restated (1)		
(in millions of euros)	EPRA earnings from Property Investment (Recurring)	Non recurring (2)	Total Commercial	EPRA earnings from Property Investment (Recurring)	Non recurring (2)	Total Commercial
GROSS RENTAL INCOME	**587.0**	-	**587.0**	**557.0**	-	**557.0**
Land-related costs	(2.1)	-	(2.1)	(2.1)	-	(2.1)
Service charges not recovered from tenants	(34.0)	-	(34.0)	(33.3)	-	(33.3)
Property operating expenses	(5.9)	-	(5.9)	(3.0)	-	(3.0)
NET RENTAL INCOME	**545.0**	-	**545.0**	**518.6**	-	**518.6**
Margin rate (net rental income / gross rental income)	*92.8%*	*0.0%*	*92.8%*	*93.1%*	*0.0%*	*93.1%*
Net operating costs	**(50.2)**	-	**(50.2)**	**(48.6)**	-	**(48.6)**
Profit/(loss) from other activities	**(1.0)**	-	**(1.0)**	**1.7**	-	**1.7**
EBITDA	**493.8**	-	**493.8**	**471.7**	-	**471.7**
Depreciation and impairment of operating assets	(8.2)	20.6	12.4	(9.2)	(16.8)	(26.0)
Depreciation and impairment of investment properties	-	(284.5)	(284.5)	-	(565.4)	(565.4)
Profit/(loss) from acquisitions	-	1.3	1.3	-	(0.3)	(0.3)
Profit/(loss) from asset disposals	-	19.1	19.1	-	128.5	128.5
Share of profit/(loss) of equity-accounted companies	5.5	(22.7)	(17.2)	4.6	(22.6)	(18.0)
OPERATING PROFIT/(LOSS)	**491.1**	**(266.3)**	**224.9**	**467.1**	**(476.6)**	**(9.5)**
Cost of gross debt	**(116.4)**	-	**(116.4)**	**(133.0)**	-	**(133.0)**
Net income from cash and cash equivalents, related loans and receivables	6.5	-	6.5	8.6	-	8.6
Cost of net debt	(109.9)	-	(109.9)	(124.4)	-	(124.4)
Other finance income and expenses	(4.2)	(50.3)	(54.5)	(4.6)	2.2	(2.4)
FINANCE INCOME/(EXPENSE)	**(114.1)**	**(50.3)**	**(164.3)**	**(129.0)**	**2.2**	**(126.8)**
Corporate tax	(10.1)	5.5	(4.6)	(8.7)	(37.0)	(45.7)
NET PROFIT/(LOSS)	**367.0**	**(311.0)**	**56.0**	**329.4**	**(511.5)**	**(182.1)**
Net profit/(loss) attributable to non-controlling interests	*70.2*	*(40.9)*	*29.2*	*56.4*	*(30.8)*	*25.6*
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**296.8**	**(270.1)**	**26.7**	**273.0**	**(480.7)**	**(207.7)**

(1) Profit/(loss) from discontinued operations, which was included in the Property Investment segment, was restated and reclassified in the intersegment transactions category.

(2) 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.

2.1.2. Property asset valuation of the Property Investment Divisions

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".

Property asset valuation for the Property Investment Divisions

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 and housing units;
- the assets of the Healthcare Property Investment Division.

Furthermore, the assets from the Healthcare Property Investment portfolio are valued in proportion to Icade's stake in Icade Santé (56.5%). If these assets were held at 100% of their value, Icade's portfolio would represent €11,285.3 million excluding duties vs. €10,497.6 million at the end of 2015.

Unless otherwise stated, Icade does not present values including duties since it does not consider registration fees to be part of property value.

(value of the property portfolio excl. duties on a proportionate consolidation basis in millions of euros)	12/31/2016	12/31/2015 (restated*)	Change	Change	Like-for-like change [1]	Like-for-like change [1]	Total floor area	Price [2]	Net yield, excl. duties [3]	Reversionary potential [4]	Overall estimated rental value	EPRA vacancy rate [5]
Offices												
Paris	407.2	249.1	+158.1	+63.5%	+58.7	+40.1%	31,716	12,837	4.2%	+5.9%	18.5	11.9%
La Défense & surroundings	1,811.1	1,724.7	+86.4	+5.0%	+110.2	+6.6%	281,753	6,428	5.9%	(1.1%)	106.0	5.7%
Other Western Crescent	790.5	716.6	+73.9	+10.3%	+48.3	+8.4%	75,747	10,436	5.4%	(9.0%)	39.3	0.6%
Inner Ring	779.1	738.4	+40.7	+5.5%	(8.5)	(1.1%)	148,604	5,243	5.7%	(1.7%)	43.8	0.6%
Outer Ring	20.2	38.3	(18.1)	(47.3%)	(0.4)	(1.9%)	6,340	648	19.0%	(14.9%)	0.7	52.5%
Total Paris region	**3,808.1**	**3,467.1**	**+341.0**	**+9.8%**	**+208.3**	**+6.6%**	**544,162**	**6,969**	**5.6%**	**(2.2%)**	**208.2**	**4.4%**
Outside the Paris region	71.9	76.3	(4.4)	(5.8%)	-	-	2,171	1,667	9.4%	(3.4%)	0.3	23.7%
TOTAL	**3,880.0**	**3,543.5**	**+336.6**	**+9.5%**	**+208.3**	**+6.4%**	**546,333**	**6,922**	**5.6%**	**(2.2%)**	**208.6**	**4.4%**
Land bank	3.2	3.2	-	-	-	-						
Projects under development	102.7	70.5	+32.2	+45.7%	+7.4	+10.5%						
Floor space pending redevelopment (not leased) [6]	3.3	25.1	(21.8)	(86.9%)	+0.2	+5.3%						
Off-plan acquisition	74.3	0.0	+74.3	N/A	-	N/A						
TOTAL OFFICES	**4,063.6**	**3,642.3**	**+421.3**	**+11.6%**	**+215.9**	**+6.5%**	**546,333**	**6,922**	**5.6%**	**(2.2%)**	**208.6**	**4.4%**
Business parks												
Paris	834.2	713.9	+120.3	+16.9%	+67.2	+9.4%	140,162	5,952	5.7%	(0.5%)	47.1	5.0%
La Défense & surroundings	47.6	164.7	(117.1)	(71.1%)	(4.0)	(7.6%)	24,208	1,968	10.2%	(6.8%)	4.7	60.6%
Other Western Crescent	133.9	139.1	(5.2)	(3.7%)	(6.1)	(4.4%)	62,746	2,134	8.1%	(2.1%)	10.7	8.5%
Inner Ring	1,255.6	1,194.1	+61.6	+5.2%	+9.9	+0.8%	420,621	2,985	6.9%	(3.2%)	85.6	7.1%
Outer Ring	988.0	1,212.6	(224.6)	(18.5%)	(38.1)	(3.8%)	597,200	1,654	9.6%	(5.8%)	90.7	20.7%
Total Paris region	**3,259.3**	**3,424.3**	**(165.0)**	**(4.8%)**	**+28.9**	**+0.9%**	**1,244,937**	**2,618**	**7.5%**	**(3.5%)**	**238.7**	**13.0%**
Land bank	145.3	137.2	+8.1	+5.9%	+9.0	+6.7%						
Projects under development	72.9	27.5	+45.4	+165.3%	+15.8	+57.5%						
Floor space pending redevelopment (not leased) [6]	26.2	32.2	(6.0)	(18.6%)	(7.6)	(23.6%)						
TOTAL BUSINESS PARKS	**3,503.7**	**3,621.2**	**(117.5)**	**(3.2%)**	**+46.1**	**+1.4%**	**1,244,937**	**2,618**	**7.5%**	**(3.5%)**	**238.7**	**13.0%**
TOTAL OFFICES AND BUSINESS PARKS	**7,567.3**	**7,263.4**	**+303.8**	**+4.2%**	**+262.0**	**+4.0%**	**1,791,270**	**3,931**	**6.5%**	**(2.8%)**	**447.3**	**9.0%**
Other assets of the Commercial Property Investment Division [7]	135.1	163.3	(28.2)	(17.3%)	(24.4)	(15.5%)	78,562	23	12.3%			16.5%
TOTAL COMMERCIAL PROPERTY INVESTMENT ASSETS	**7,702.4**	**7,426.8**	**+275.6**	**+3.7%**	**+237.6**	**+3.5%**	**1,869,832**	**3,766**	**6.5%**	**(2.8%)**	**447.3**	**9.1%**
Healthcare Property Investment												
Paris region	359.3	316.6	+42.8	+13.5%	+32.6	+10.3%	100,232	3,585	6.0%			0.0%
Outside the Paris region	1,595.2	1,408.6	+186.6	+13.2%	+126.7	+9.0%	672,230	2,373	6.2%			0.0%
TOTAL	**1,954.6**	**1,725.2**	**+229.3**	**+13.3%**	**+159.3**	**+9.2%**	**772,463**	**2,530**	**6.1%**			**0.0%**
Projects under development	70.1	10.1	+60.0	+594.3%	+14.6	+144.0%						
TOTAL HEALTHCARE PROPERTY INVESTMENT	**2,024.7**	**1,735.3**	**+289.4**	**+16.7%**	**+173.9**	**+10.0%**	**772,463**	**2,621**	**6.1%**			**0.0%**
GRAND TOTAL	**9,727.1**	**9,162.1**	**+565.0**	**+6.2%**	**+411.5**	**+4.8%**	**2,642,295**	**3,432**	**6.4%**			**7.1%**
Including assets consolidated using the equity method	*159.5*	*179.2*	*(19.7)*	*(11.0%)*	*(20.9)*	*(11.7%)*						

** Adjusted for the asset reclassifications made between the two periods, including reclassifications of assets "under development" as "operating" upon completion.*

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

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

(3) 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.

(4) Difference noted between the estimated rental value of leased space and gross annualised rental income for the same leasable space (expressed as a percentage of gross rental income). The reversionary potential as calculated above is established without taking into consideration lease expiry schedules and is not subject to discounting.

(5) Calculated based on the estimated rental value of vacant premises divided by the overall rental value.

(6) Properties that are completely vacant, held for sale, or due to be redeveloped or demolished, and for which a project will be initiated at a later stage.

(7) The 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 and excluding PPPs.

2.2. Commercial Property Investment Division

2.2.1. Portfolio overview

The operating property portfolio of Icade's Commercial Property Investment Division (excluding the residential segment) represents nearly 1.9 million sq.m of leasable area and is valued at €7,587 million.

Geographic distribution of property assets by type

As of December 31, 2016

In value terms *(in millions of euros)*	Offices	Business parks	Warehouses	Subtotal Commercial	Residential	TOTAL	%
Paris region	3,992	3,504	3	7,498	115	7,613	98.8%
% of total floor area	*98.2%*	*100.0%*	*14.4%*	*98.8%*	*99.7%*		
incl. Paris	407	850	-	1,257	0	1,258	
incl. La Défense & surroundings	1,995	48	-	2,042	-	2,042	
incl. Western Crescent	791	137	-	928	9	937	
incl. Inner Ring	779	1,386	-	2,165	5	2,170	
incl. Outer Ring	20	1,083	3	1,106	100	1,206	
Outside the Paris region	72	-	17	89	0	89	1.2%
% of total floor area	*1.8%*	*0.0%*	*85.6%*	*1.2%*	*0.3%*		
GRAND TOTAL	4,064	3,504	20	7,587	115	7,702	
% of total value of the property portfolio	52.8%	45.5%	0.3%	98.5%	1.5%		100%

Total floor areas *(sq.m)* (1)	Offices	Business parks	Warehouses	Subtotal Commercial	Residential (2)	TOTAL	%
Paris region	544,162	1,244,937	11,266	1,800,365	184,864	1,985,229	96.2%
% of total floor area	*99.6%*	*100.0%*	*14.4%*	*96.3%*	*95.8%*	*96.2%*	
incl. Paris	31,716	140,162	-	171,878	251	172,129	
incl. La Défense & surroundings	281,753	24,208	-	305,961	-	305,961	
incl. Western Crescent	75,747	62,746	-	138,493	7,818	146,311	
incl. Inner Ring	148,604	420,621	-	569,225	5,555	574,780	
incl. Outer Ring	6,340	597,200	11,266	614,806	171,240	786,046	
Outside the Paris region	2,171	-	67,225	69,396	8,079	77,475	3.8%
% of total floor area	*0.4%*	*0.0%*	*85.6%*	*3.7%*	*4.2%*	*3.8%*	
GRAND TOTAL	546,333	1,244,937	78,491	1,869,761	192,943	2,062,704	
% of total floor area of the property portfolio	26.5%	60.4%	3.8%	90.6%	9.4%		100%

(1) Total floor areas, in sq.m, of operating properties (excluding PPPs) as of December 31, 2016
(2) Excluding the land bank from the Residential portfolio

Description of the portfolio

- Offices

Icade owns office buildings representing a total leasable floor area of 529,656 sq.m as of December 31, 2016. These assets are mainly located in Paris, La Défense, the Western Crescent and Villejuif.

	12/31/2015	2016 changes			12/31/2016
Asset class	Leasable floor area (sq.m)	Acquisitions/ completions (sq.m)	Asset disposals (sq.m)	Developments/ redevelopments (sq.m)	Leasable floor area (sq.m)
Paris region	**520,275**	**53,734**	**(60,983)**	**(12,186)**	**500,840**
% of total floor area	*94.4%*	*100.0%*	*96.6%*	*100.0%*	*94.6%*
incl. Paris	17,174	21,750	(7,208)		31,716
incl. La Défense & surroundings	270,598		(14,688)	(3,724)	252,186
incl. Western Crescent	75,006	18,271	(26,516)	(9,844)	56,917
incl. Inner Ring	133,500	13,713		1,382	148,595
incl. Outer Ring	23,997		(12,571)		11,426
Outside the Paris region	**30,993**	**-**	**(2,177)**	**-**	**28,816**
% of total floor area	*5.6%*	*0.0%*	*3.4%*	*0.0%*	*5.4%*
TOTAL OFFICES	**551,268**	**53,734**	**(63,160)**	**(12,186)**	**529,656**

In line with its strategy of acquisition and rotation of mature and/or non-strategic assets, Icade sold 6 office buildings in the financial year 2016. The most important ones are:

- 69, boulevard Haussmann in the 8th district of Paris;
- Levallois building which the French government purchased by exercising its option to purchase;
- The Défense 3 and Reflet Défense buildings, in the Nanterre Préfecture area.

In 2016, the Group carried out selective acquisitions of office assets representing a total investment, including transfer taxes, of €479.6 million and a total floor area of over 86,000 sq.m. The following buildings were acquired:

- Orsud: this 13,700-sq.m property is fully leased and is located in Gentilly (Val-de-Marne).
- Parissy: this 18,270-sq.m property is located in Issy-les-Moulineaux (Hauts-de-Seine), and is fully leased to Technicolor.
- Arc Ouest: this 21,750-sq.m property is located in the 15th district of Paris and is 95% leased.
- Go Spring: this 32,600-sq.m property was acquired through an off-plan agreement. The first phase of the project is scheduled to be completed in 2017 (14,100 sq.m) and the second phase in 2019 (18,500 sq.m). The second phase is already 75% pre-leased (13,700 sq.m) to a leading institutional investor. The rest is subject to rent guarantees from the developer for a 24-month period starting on the date of completion.

- Business parks

Icade holds business parks, mainly composed of offices or business premises, in Paris (19th district), Saint-Denis, Aubervilliers, Rungis, Paris-Nord, Colombes, and Fresnes.

The overall leasable floor area of the business parks totals 1,196,647 sq.m as of December 31, 2016.

	12/31/2015	2016 changes			12/31/2016
	Leasable floor area	Acquisitions / completions	Asset disposals	Developments / redevelopments	Leasable floor area
Asset class	*(sq.m)*	*(sq.m)*	*(sq.m)*	*(sq.m)*	*(sq.m)*
Paris region	**1,424,579**	**72,028**	**(279,850)**	**(20,110)**	**1,196,647**
% of total floor area	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
incl. Paris	115,730	24,615		(1,795)	138,550
incl. La Défense & surroundings	86,587		(62,379)		24,208
incl. Western Crescent	62,746				62,746
incl. Inner Ring	361,595	47,413		(13,499)	395,509
incl. Outer Ring	797,921		(217,471)	(4,816)	575,634
Outside the Paris region	-	-	-	-	-
% of total floor area	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
TOTAL BUSINESS PARKS	**1,424,579**	**72,028**	**(279,850)**	**(20,110)**	**1,196,647**

The business parks stand out for their high organic growth potential at medium and long term due to land still available in addition to the existing constructed areas. This is why the Commercial Property Investment Division concentrates a significant proportion of its investments in this segment, in terms of redevelopments and construction of new buildings.

As a result, two new office buildings were completed in the Millénaire business park in 2016:

- Veolia Group's new headquarters (45,000 sq.m, completed in July 2016)
- Millénaire 4 (24,500 sq.m), fully leased to a leading institutional investor and completed in October 2016

In 2016, Icade also implemented a marketing plan called "Coach Your Growth with Icade", representing a total investment of €30 million, aimed at improving its business parks' attractiveness. The objective of this plan is to offer more products and services to users in order to improve business parks' operating performance.

In accordance with its strategic plan, Icade completed the sale of five non-core business parks in 2016: Nanterre Seine (excluding the Axe Seine building), Cergy, Evry, Antony and Villebon.

Market update *(source: CBRE)*

French commercial real estate investment market

After a quiet start to the year, investments in the French commercial real estate market reached €23.6 billion in 2016, including €8 billion in Q4.

Within the global real estate investment market, France, and above all Paris, represent a viable alternative to London thanks to their depth and level of maturity. Paris and the inner western suburbs (Western Crescent and La Défense) have emerged as the most popular areas, with 68% of investments (Core and Core+ assets).

In the last 2 years, the market has seemed to be structurally well-balanced, with transactions between €50 million and €200 million accounting for over 40% of investments.

Investments in the **office market** stood at €17.2 billion. The **retail** segment represented nearly €3.7 billion of investments (similar to the solid levels recorded in 2012 and 2013, but significantly lower than in the past 2 years). Finally, investments in the **industrial/logistics** segments were at their highest levels since 2007, with €2.7 billion and 10% of total investments.

Core transactions continue to account for most of the investments, although Core+ transactions showed a significant surge. On the other hand, Value Add transactions were slightly down and showed a different profile than in previous years: fewer Paris buildings to be redeveloped and more speculative off-plan sales, especially in the Inner Ring.

In 2016, the **Paris prime yield reached 3.00%** (vs. 3.25% in 2015). Compared to the 10-year government bond yield of 0.66% at the end of 2016, the risk premium offered by the real estate market (234 bps) is still high for investors. Yield ranges by geographic area of the Paris region were as follows: 4.50% to 5.75% in La Défense; 3.50% to 7.00% in the Western Crescent; 4.25% to 8.50% in the Inner Ring; and 5.50% to 11.00% in the Outer Ring. Lastly, outside the Paris region, yields ranged from 4.50% in Lyon, 5.00% in Lille and up to 7.50% for more peripheral markets and cities.

Office rental market in the Paris region

Take-up of offices in the Paris region totalled 2.4 million sq.m in 2016 (+7% on a year-on-year basis and +4% compared to the annual average for the 2006-2015 period). In the Paris region, the rental market continued to perform well in Q4 2016, with take-up of 669,400 sq.m (+ 9% compared to the average for the 4th quarter of years between 2006 and 2015).

In 2016, the market rebounded for units over 5,000 sq.m, with a total of 65 transactions and 891,100 sq.m (i.e. + 23% in one year). There were substantial differences from one geographic area to another: excellent year for West Central Paris despite declining immediate supply, record levels for South Paris and La Défense thanks to a dynamic market for units over 5,000 sq.m, with 14 and 11 transactions, respectively. The year was satisfactory for units of less than 5,000 sq.m, with transactions up 5% from the 10-year average, but disappointing for units over 5,000 sq.m. Transaction activity improved in the Inner Ring while volumes remained below long-term average (-25%).

Take-up in the Outer Ring stood at 300,700 sq.m in 2016, down 10% compared to 2015 and 27% lower than the annual average for the 2006-2015 period.

- **In the Orly area:** Take-up reached 16,100 sq.m in 2016 (+24% compared to 2015), in particular with ADP's new lease for 9,500 sq.m in the new Askia building from the Cœur d'Orly development. 12 transactions were signed in 2016 vs. 25 in 2015. The market remains focused on smaller units, with 8 new leases signed for units of less than 500 sq.m. Rungis accounts for close to three quarters of take-up (9,460 sq.m).
- **In the Roissy area:** In 2016, take-up went down by 29% to 20,600 sq.m compared to 2015, a year which had been marked by ADP's 12,000-sq.m development project for its own operations in Tremblay-en-France. Transaction activity in the market for units over 5,000 sq.m was quite resilient, with 34 transactions signed (vs. 36 in 2015), including 23 in the Paris Nord 2 business park. 24 transactions for units of less than 500 sq.m were recorded, for a total take-up of 5,500 sq.m, in line with the 10-year average for the Roissy area. The most significant transaction of the year was a new lease signed by Sharp Electronics France for 3,678 sq.m within the Rostand building, which is located in the Paris Nord 2 business park. Five other transactions for units over 1,000 sq.m were signed, including two new leases in the Colonnadia building.

In the Paris region, immediate supply continued to decrease to **3.5 million sq.m available at the end of 2016** (vs. 3.9 million sq.m at the end of 2015), a year-on-year decline of 10%. The average vacancy rate dropped significantly to 6.2% in Paris, compared with 6.9% in 2015 and 7.2% in 2014. Yields stood at 3.5% in Paris CBD (vs. 4.7% in 2015), 10.6 % in La Défense & surroundings (vs. 11.3% in 2015), 10.6% in Other Western Crescent (vs. 11.4% in 2015), 7.9% in the Inner Ring (vs. 8.7% in 2015), and 5.6% in the Outer Ring (vs. 5.8% in 2015).

The proportion of new and redeveloped property now only accounts for 15% of immediate supply.

- **In the Orly area:** Immediate supply declined slightly, by 3% on a year-on-year basis, to 79,500 sq.m at the end of 2016, with a vacancy rate of 9.2% (vs. 9.5% last year). 6 units over 5,000 sq.m for a total of 49,300 sq.m account for 62% of immediate supply, including 4 new buildings (Québec building; 9,700 sq.m for lease in the Venise and Séville buildings in Rungis; the remaining leasable space in the Askia building within the Cœur d'Orly development; and vacant space in the Oxygène Sud building in Chevilly-Larue). No definite future supply has been noted in this area, which means that the vacancy rate should go down in the short and medium term.

- **In the Roissy area:** Immediate supply declined by 9% on a year-on-year basis to 83,500 sq.m at the end of 2016, with a vacancy rate of 7.8% (vs. 8.7% last year). Since definite future supply is still very reduced, the vacancy rate is expected to go down in 2017. Moreover, no definite or probable supply of units over 5,000 sq.m has appeared since 2013.

In 2016, **headline rental values increased in central locations**. The weighted average headline rent in the Paris region for new, redeveloped or renovated space was €300/sq.m/year excluding taxes and charges (vs. €296 in 2015 and €297 in 2014). In non-central locations, headline rents remained stable. Meanwhile, lease incentives were still at a substantial level, representing on average 22.2% of the headline rent in the Paris region for transactions for units over 1,000 sq.m, although with differences from one area to another: from 17% in West Central Paris to 27.2% in La Défense.

At the end of 2016, the average prime rent in West Central Paris increased significantly to €778/sq.m/year excluding taxes and charges (vs. €724 in 2015 and €687 in 2014). In La Défense, as well as in the Western Crescent, the average prime yield was stable at €469 and €458/sq.m/year excluding taxes and charges, respectively.

2.2.2. Key figures as of December 31, 2016

Income statement for the Commercial Property Investment Division

	12/31/2016			12/31/2015 Restated (1)		
(in millions of euros)	EPRA earnings from Commercial Property Investment (Recurring)	Non recurring (2)	Total Commercial Property Investment	EPRA earnings from Commercial Property Investment (Recurring)	Non recurring (2)	Total Commercial Property Investment
GROSS RENTAL INCOME	**379.7**	-	**379.7**	**387.5**	-	**387.5**
Land-related costs	(2.1)	-	(2.1)	(2.1)	-	(2.1)
Service charges not recovered from tenants	(31.5)	-	(31.5)	(31.2)	-	(31.2)
Property operating expenses	(5.1)	-	(5.1)	(2.3)	-	(2.3)
NET RENTAL INCOME	**341.0**	-	**341.0**	**351.8**	-	**351.8**
Margin rate (net rental income / gross rental income)	*89.8%*	*0.0%*	*89.8%*	*90.8%*	*0.0%*	*90.8%*
Net operating costs	**(37.6)**	-	**(37.6)**	**(38.4)**	-	**(38.4)**
Profit/(loss) from other activities	**(1.0)**	-	**(1.0)**	**1.7**	-	**1.7**
EBITDA	**302.4**	-	**302.4**	**315.1**	-	**315.1**
Depreciation and impairment of operating assets	(8.2)	20.6	12.4	(9.2)	(16.8)	(26.0)
Depreciation and impairment of investment properties	-	(189.4)	(189.4)	-	(488.7)	(488.7)
Profit/(loss) from asset disposals	-	19.4	19.4	-	122.5	122.5
Share of profit/(loss) of equity-accounted companies	5.5	(22.7)	(17.2)	4.6	(22.6)	(18.0)
OPERATING PROFIT/(LOSS)	**299.7**	**(172.1)**	**127.6**	**310.6**	**(405.6)**	**(95.1)**
Cost of gross debt	**(105.7)**	-	**(105.7)**	**(122.4)**	-	**(122.4)**
Net income from cash and cash equivalents, related loans and receivables	25.3	-	25.3	23.6	-	23.6
Cost of net debt	(80.5)	-	(80.5)	(98.8)	-	(98.8)
Other finance income and expenses	(3.6)	(50.0)	(53.6)	(3.6)	2.0	(1.6)
FINANCE INCOME/(EXPENSE)	**(84.0)**	**(50.0)**	**(134.1)**	**(102.4)**	**2.0**	**(100.4)**
Corporate tax	(10.0)	5.2	(4.8)	(8.5)	(37.0)	(45.5)
NET PROFIT/(LOSS)	**205.6**	**(216.9)**	**(11.3)**	**199.6**	**(440.6)**	**(241.0)**
Net profit/(loss) attributable to non-controlling interests	-	-	-	-	-	-
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**205.6**	**(216.9)**	**(11.3)**	**199.6**	**(440.6)**	**(241.0)**

(1) Profit/(loss) from discontinued operations, which was included in the Property Investment segment, was restated and reclassified in the intersegment transactions category.

(2) 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 Commercial Property Investment Division

(in millions of euros)	12/31/2015	Asset acquisitions	Asset disposals	New builds Redevelopments disposals	Leasing activity and rent escalation	12/31/2016	Total change	Like-for-like change
France offices	168.1	2.5	(3.0)	(3.9)	2.5	166.2	(1.9)	1.5%
Business parks	207.8	-	(9.3)	9.0	(5.6)	201.9	(5.9)	(3.3%)
OFFICES & BUSINESS PARKS	375.9	2.5	(12.4)	5.2	(3.1)	368.1	(7.8)	(1.0%)
Other assets	17.4	-	-	-	-	17.4	(0.0)	(0.8%)
Intra-group transactions from Property Investment	(5.8)		-	-	(0.0)	(5.8)	(0.1)	-
GROSS RENTAL INCOME	387.5	2.5	(12.4)	5.2	(3.1)	379.7	(7.8)	(1.0%)

Gross rental income generated by the Commercial Property Investment Division during the financial year 2016 amounted to €379.7 million, i.e. a decrease of €7.8 million compared to 2015 (-2.1%). After adjustment for acquisitions and disposals, gross rental income went up by €2.0 million, i.e. +0.5%, between 2015 and 2016. On a like-for-like basis (excluding the impact of asset acquisitions, disposals, constructions and redevelopments), gross rental income was down -1.0%.

- Asset acquisitions: + €2.5 million from the sale of three office buildings acquired in 2016 (Orsud, Arc Ouest, Parissy)
- Asset disposals: - €12.4 million from asset disposals carried out in 2015 and 2016, such as the Millénaire 2 (- €6.9 million) and Reflet Défense (- €1.4 million) buildings and non-core business parks (- €2.4 million)
- New builds and redevelopments: + €5.2 million, which break down as follows:
  - + €9.5 million from projects completed in 2016; most of this amount related to the Veolia and Millénaire 4 buildings
  - + €2.7 million mainly related to the full-year impact of the completion of the Le Monet building (Saint-Denis) in 2015
  - - €7.0 million from redevelopments, mainly in the office segment (Défense 4/5/6, Défense 1 and Open)
- Leasing activity and rent escalation: - €3.1 million
  - The changes in the Cost-of-Construction (ICC) and Tertiary Activities Rent (ILAT) indices led to an increase in revenue of €0.3 million;
  - Meanwhile, the leasing activity presented a negative net change of - €3.4 million, which breaks down as follows:
    - + €2.5 million in the office sector with several new leases taking effect in La Défense assets which offset part of the negative impact from leases renewed during the financial year:
      - + €11.4 million in the EQHO tower;
      - + €0.7 million from the offices segment, which was positively impacted by the leases coming into effect in the PB5 tower;
      - - €6.8 million in the Crystal Park building;
      - - €2.1 million in the Grand Axe buildings located in Nanterre Préfecture.

- - €5.6 million from tenant inflows and outflows in the business parks, including:
  - - €2.0 million recorded in the Rungis business park due to the redevelopment carried out in the Genève building, and to vacated floor space in the Strasbourg building;
  - - €1.2 million in the Portes de Paris business park;
  - - €2.4 million in the Colombes and Paris Nord parks due in particular to the impact of the Hampton and Eddington buildings.

Net rental income from the Commercial Property Investment Division for the year 2016 totalled €341.0 million. The office and business park margin rate stood at 89.7%, which was stable compared to 2015.

	12/31/2016		12/31/2015	
(in millions of euros)	Net rental income	Margin	Net rental income	Margin
France offices	156.0	93.9%	157.5	93.7%
Business parks	174.1	86.2%	179.8	86.5%
OFFICES & BUSINESS PARKS	**330.1**	**89.7%**	**337.3**	**89.7%**
Other assets	5.3	30.3%	8.9	51.0%
Intra-group transactions from Commercial Property Investment	5.7		5.7	
NET RENTAL INCOME	**341.0**	**89.8%**	**351.8**	**90.8%**

Net operating costs from the Commercial Property Investment Division remained stable at €37.6 million compared to 2015. It should be borne in mind that they include all holding company costs.

Cost of net debt from the Commercial Property Investment Division stood at - €80.5 million as of December 31, 2016 vs. - €98.8 million as of December 31, 2015.

This change can be mainly explained by the drop in average cost of debt between 2015 and 2016 (-53 bps). Thanks to the debt restructuring implemented by Icade in H2 2016 (prepayment of existing loans, unwinding of short-term swaps, redemption of bonds), cost of net debt went down by nearly 23% between 2015 and 2016. This effect is expected to continue in 2017 as a result of the full-year impact of this restructuring.

Thus, after taking into account the items above, **EPRA Earnings from Commercial Property Investment** reached €205.6 million as of December 31, 2016, vs. €199.6 million as of December 31, 2015, i.e. a 3.0% 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 charge of €234.2 million and were mainly comprised of:

- Depreciation and impairment of investment properties for - €189.4 million as of December 31, 2016 vs. - €488.7 million as of December 31, 2015. Unlike financial year 2015, when negative changes in value of the non-core business parks had led to the recognition of net impairment losses of €291.6 million, reversals of €30.7 million were made in 2016.
- The remainder corresponds to depreciation charges of - €220.0 million for the financial year;
- Profit from asset disposals for €19.4 million;
- Other finance income and expenses amounted to - €53.6 million as of December 31, 2016 vs. - €1.6 million as of December 31, 2015. This change was mainly the result of the recognition of -€51.4 million in costs and cash adjustments associated with the debt restructuring and financial derivatives carried out in H2 2016 as "non-recurring".
- The income tax liability from the Commercial Property Investment Division totalled -€4.8 million as of December 31, 2016, implying a decline of €40.7 million compared to December 31, 2015.
- This change is explained primarily by the recognition in 2015 of an exceptional charge debt of €31.5 million in order to definitively settle a tax dispute dating back to 2010 and which implied an overall maximum risk of €225 million for Icade.

In view of the above, **net profit/(loss) attributable to the Group** from the Commercial Property Investment Division reached -€11.3 million as of December 31, 2016 vs. -€241.0 million as of December 31, 2015.

2.2.3. Leasing activity of the Commercial Property Investment Division

	12/31/2015	2016 changes			12/31/2016	New leases		12/31/2016
	Leased floor area	Additions	Exits	Exits due to disposals	Leased floor area	Impact in 2016	Impact after 2016	Total
Asset class	(sq.m)	(sq.m)	(sq.m)	(sq.m)	(sq.m)	(sq.m)	(sq.m)	(sq.m)
Offices	436,119	28,571	(12,119)	-	452,571	28,363	16,012	44,375
Business parks	983,053	45,909	(65,403)	-	963,559	29,807	29,212	59,019
Warehouses	59,470	6,535	(1,966)	-	64,039	3,124		3,124
LIKE-FOR-LIKE SCOPE (A)	1,478,642	81,015	(79,488)		1,480,169	61,294	45,224	106,518
Offices		52,452	-	-	52,452	-	-	-
Business parks		71,829	-	-	71,829	24,615	-	24,615
ACQUISITIONS / COMPLETIONS (B)	-	124,281	-	-	124,281	24,615	-	24,615
SUBTOTAL (A+B)	1,478,642	205,296	(79,488)		1,604,450	85,909	45,224	131,133
Offices	58,042	816	(1,684)	(57,174)	-	693	-	693
Business parks	200,729	17,479	(14,661)	(203,547)	-	17,016	1,351	18,367
Warehouses	4,649	-	-	(4,649)	-	-	-	-
DISPOSALS (C)	263,420	18,295	(16,345)	(265,370)	-	17,709	1,351	19,060
COMMERCIAL PROPERTY INVESTMENT (A)+(B)+(C)	1,742,062	223,591	(95,833)	(265,370)	1,604,450	103,618	46,575	150,193

In 2016, leasing activity in the Commercial Property Investment Division was impacted by substantial changes in scope of consolidation: 5 business parks and 6 office buildings were sold during the financial year.

Taking into account the assets that were not sold in 2016 as well as the properties acquired in 2016, the balance between additions to and exits from the portfolio of leased space is +125,808 sq.m.

Out of the 205,295 sq.m added to the portfolio of leased space in 2016, 124,281 sq.m related to a change in the scope (acquisitions/completions). In the business park segment, this is mainly due to two buildings completed in the Millénaire business park (45,000 sq.m leased to Veolia and 24,500 sq.m leased to BNP in the Millénaire 4 building). In the office segment, it is the result of acquisitions carried out in 2016 (Orsud, Parissy and Arc Ouest) that represent 52,452 sq.m.

Total exits from the portfolio of leased space represented 95,833 sq.m, including 79,488 sq.m from the portfolio of properties that were not sold in 2016 and the properties acquired in 2016.

Like-for-like office portfolio

Out of a total of 28,571 sq.m added to the portfolio of office leased area, the main changes were as follows:

- 12,359 sq.m leased in the EQHO Tower in La Défense (KPMG, Celgene, Mersen and Merz Pharma leases);
- 7,866 sq.m leased in the PB5 Tower in La Défense, including 6,244 sq.m leased to PwC.

Out of a total of 12,119 sq.m of exits from the portfolio of office leased area, the main changes were as follows:

- 3,760 sq.m vacated by Verizon in the Défense 1 building which is due to be redeveloped as part of the Origine project;
- 3,873 sq.m related to the partial departure of PwC from the Crystal Park building as part the lease renewal;
- 1,930 sq.m vacated by Arcelor Mittal in the Cézanne building in Saint-Denis.

Like-for-like business park portfolio

Out of a total of 45,909 sq.m added to the portfolio of leased space in business parks, the main changes were as follows:

- 4,000 sq.m leased to Corsair in the Oslo and Strasbourg buildings in Rungis;
- 8,578 sq.m leased to Atlantic Media following the departure of Euromedia;
- 2,744 sq.m leased to Dimension Data in the Séville building in Rungis;
- 3,678 sq.m leased to Sharp in the Le Rostand building in the Paris Nord business park.

Out of a total of 65,403 sq.m of exits from the portfolio of leased space in business parks, the main changes were as follows:

- 8,578 sq.m vacated by Euromedia France;
- 4,707 sq.m vacated by LOCABER in the Quartier 7 building in the Millénaire business park (building due to be demolished);
- 3,480 sq.m vacated by Kookaï in the Portes de Paris business park;
- 1,674 sq.m vacated by Ricoh in the Rungis business park.

In the portfolio of properties that were not sold and newly acquired properties, Icade signed 122 leases in 2016, representing a floor area of 131,133 sq.m and €40.0 million of annualised headline rental income including 44,375 sq.m in the office segment (€18.3 million), 83,634 sq.m in business parks (€21.6 million) and 3,124 sq.m in warehouses (€0.1 million).

These **new leases** mainly concerned the following assets:

- 47,871 sq.m leased to a leading institutional investor in the Millénaire 1 and Millénaire 4 buildings (lease taking effect after financial year 2016);
- 8,900 sq.m leased to IFF in the Crystal Park office building located in Neuilly-sur-Seine;
- 4,391 sq.m leased to La DIRECCTE in the "Défense 4/5/6" building complex;
- 6,244 sq.m leased to PwC in the PB5 tower in La Défense;
- 4,321 sq.m leased to KPMG in the EQHO tower in La Défense.

In the portfolio of properties that were not sold and newly acquired properties, 65 leases were **renewed**, representing a total area of 138,911 sq.m and an annualised headline rental income of €33.1 million (11.98% decrease compared to previous rental income) for a weighted average unexpired lease term of 7.4 years. It should be noted that 3 leases account for over 70% of these renewals in terms of rental income:

- The PwC lease in the Crystal Park building in Neuilly (23,800 sq.m) which was renewed for a term of 12 years;
- The Rhodia lease in the Portes de Paris business park (38,134 sq.m);
- The Abbvie lease in the Rungis business park (10,575 sq.m).

Acquisitions / completions

The acquisitions and completed projects represented 124,281 sq.m. They are broken down as follows:

- In the business park segment: two buildings completed in the Millénaire business park (45,000 sq.m leased to Veolia and 24,500 sq.m leased to BNP in the Millénaire 4 building) and an extension completed in the Portes de Paris park (2,306 sq.m) leased to the Telecity RedBus company.
- In the office segment: three acquisitions carried out in 2016 (Orsud, Parissy and Arc Ouest) for 52,452 sq.m of leased floor area.

Taking these changes into account, **the weighted average unexpired lease term** was 4.8 years as of December 31, 2016, up 0.6 years compared with December 31, 2015 (4.2 years).

As of December 31, 2016, the 10 largest tenants generated a combined annual rental income of €137.4 million (37% of the annualised rental income of the Commercial Property Investment portfolio).

Financial occupancy rate and weighted average unexpired lease term

As of December 31, 2016, the **financial occupancy rate** stood at 91.1%, up 4.3 pps compared to December 31, 2015 (86.8%).

There was an improvement in the financial occupancy rate in both segments (offices and business parks).

In the office segment, operational performance was strong during the entire financial year, especially in La Défense where leases started in 2016 in the EQHO and PB5 towers for floor areas of 12,359 sq.m and 7,866 sq.m, respectively.

Thanks to the addition of assets acquired in H2 2016 (53,734 sq.m), where the average occupancy rate is close to 100% (i.e. 97.4%), to the scope of consolidation, the occupancy rate remained strong.

The improvement in financial occupancy rate (+3.0 pps in business parks) is partly due to the disposal of non-core parks and partly to the positive effect of completions of fully-leased buildings (69,533 sq.m) in the Millénaire business park.

	Financial occupancy rate *(in %)*(2)			Weighted average unexpired lease term *(in years)*(2)	
Asset class	12/31/2016	12/31/2015	Like-for-like change(1)	12/31/2016	12/31/2015
Offices	95.8%	90.2%	6.0%	5.9	5.7
Business parks	87.1%	84.1%	-0.2%	3.9	2.9
STRATEGIC ASSETS	**91.1%**	**86.9%**	**2.6%**	**4.8**	**4.2**
Warehouses	84.7%	82.7%	-3.2%	1.3	1.7
COMMERCIAL PROPERTY INVESTMENT	**91.1%**	**86.8%**	**2.6%**	**4.8**	**4.2**

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

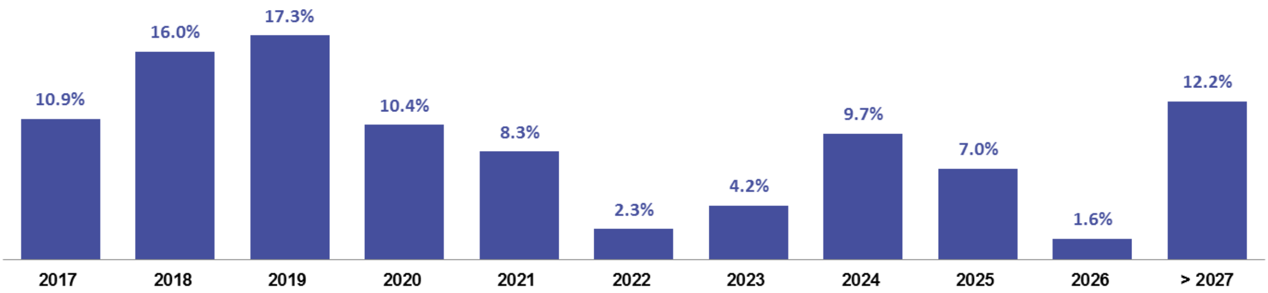
(2) Based on proportionate consolidation

The annualised potential rental income from vacant space (excluding structural vacancy estimated at 8% on average in business parks) in operating properties represents €26 million, and the related annualised cost of vacancy stands at €6 million. This means that the Commercial Property Investment Division has an optimisation potential of €32 million, representing 11% of EPRA Earnings from the Property Investment Division as a whole.

This amount was down €18 million compared to 2015 thanks to the improvement in financial occupancy rate in the office segment (new leases starting in the EQHO and PB5 towers, asset acquisitions…) and business park segment (disposal of 5 non-core parks).

Lease expiry schedule by segment in terms of annualised rents (in millions of euros)

	Offices France	Business parks	Warehouses	Total	Share of total
2017	4.6	34.7	1.4	40.7	10.9%
2018	34.6	24.9	0.5	60.0	16.0%
2019	23.1	41.3	0.3	64.7	17.3%
2020	13.7	24.9	0.2	38.9	10.4%
2021	5.8	25.4	-	31.1	8.3%
2022	2.2	6.6	-	8.8	2.3%
2023	7.9	7.7	-	15.6	4.2%
2024	32.2	4.2	-	36.4	9.7%
2025	7.9	18.4	-	26.3	7.0%
2026	5.5	0.5	-	6.1	1.6%
2027+	36.3	9.3	-	45.6	12.2%
TOTAL	**173.8**	**197.9**	**2.4**	**374.1**	**100.0%**



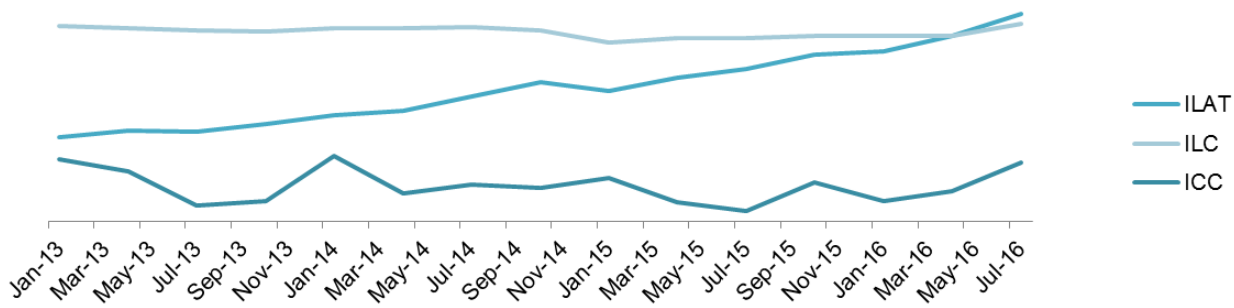
Lease rollover risk for 2017 represents a total of €40.7 million, 85.3% of which is in the business parks.

Business park users occupy small and medium-size units and have signed mainly 9-year leases with break options on years 3/6/9, which explains the significant proportion of break options in the years 2017 to 2019, namely 72.4% in total.

Based on the turnover of tenants observed in previous financial years and confirmed in 2016, only 20% to 25% of tenants exercised their break options. Thus, the probability that most tenants will not exercise their break options is high.

Based on leases expiring in 2017, we estimate the decrease in rental income due to reversion to market rental value at -4.5%.

ICC, ILAT and ILC indices over the period 2013 – 2016



(in %)	2015	2016
Cost-of-Construction index (ICC)	62.5%	50.1%
Tertiary activities rent index (ILAT)	34.2%	47.4%
Commercial rent index (ILC)	0.3%	1.6%
Other	3.0%	0.9%
TOTAL	**100.0%**	**100.0%**

The portion of leases subject to the Tertiary Activities Rent Index (ILAT) strongly increased in the portfolio between 2015 and 2016, as a result of:

- leases in newly-acquired or newly-completed properties are, for the most part, subject to this index;
- significant leases renewed in 2016 are now subject to this index while they were previously subject to the Cost-of-Construction Index (ICC);
- several disposals carried out in this financial year included a high proportion of leases subject to the ICC.

2.2.4. Asset rotation

2.2.4.1. Investments

Investments are presented as per EPRA recommendations: contributions to tenants' fitting out costs, marketing costs and finance costs are grouped under the heading "other".

In order to finance these investments over the year, Icade used its own cash and corporate lines of credit.

(in millions of euros)	Operating asset acquisitions	Off-plan acquisitions	Projects under development	Other Capex	Other	Total
Offices	403.5	76.1	35.4	13.8	31.6	560.3
Business parks	-	-	94.0	24.1	18.8	137.0
OFFICES & BUSINESS PARKS	**403.5**	**76.1**	**129.3**	**37.9**	**50.4**	**697.2**
Other assets	-	-	-	1.7	0.1	1.7
COMMERCIAL PROPERTY INVESTMENT	**403.5**	**76.1**	**129.3**	**39.6**	**50.5**	**699.0**

Total investments over the period amounted to **€699.0 million**. They include:

- Operating asset acquisitions

Over the period, they totalled €403.5 million, and were carried out in the office segment. They relate to the following three assets:

- Orsud building located in Gentilly (13,700 sq.m) for €49.2 million including duties;
- Parissy building located in Issy-les-Moulineaux (18,270 sq.m) for €149.2 million including duties;
- Arc Ouest building located in the 15th district of Paris (21,750 sq.m) for €201.8 million including duties;

Incidental expenses related to these acquisitions totalled €3.3 million.

- Off-plan acquisitions

Icade has signed an off-plan agreement to purchase the Go Spring development in Nanterre (completion scheduled in 2 phases: 2017 and 2019) for a total of €191.2 million, including €75.5 million paid in 2016 and €0.6 million of incidental expenses.

- New builds/extensions and redevelopments (€129.3 million) including €35.4 million in offices and €94.0 million in business parks.

- In the business park segment, these investments mainly related to the completion in H2 2016 of the Veolia and Millénaire 4 buildings for €76.2 million and the Pulse project for €14.9 million;
- In the office segment, these investments related to completed or ongoing redevelopments such as the OPEN building (ICADE's future headquarters completed in 2016) for €10.9 million, the Défense 4/5/6 complex for €5.4 million, and the Origine project for €19.2 million.

- Other capex (€39.6 million): These include primarily the renovation costs of the business parks and offices (major maintenance and repairs and restoration work on the premises).

- Other (€50.5 million): mainly lease incentives (contributions to tenants' fitting out costs), marketing costs for the assets, and capitalised finance costs of projects under development.

Property development projects

Icade has significant development projects representing a total investment of €1.6 billion and over 300,000 sq.m.

Project name	Location	Estimated date of completion	Floor area	Expected rent	Yield on cost (1)	Total investment (2)	Remaining investment > 2016	Pre-marketing
DEFENSE 4/5/6	Nanterre Prefecture		15,850	4.6	6.0%	77	7	100%
BUCAREST	Rungis business park		2,000	0.2	5.7%	4	3	0%
PULSE	Portes de Paris business park		28,000	8.9	7.0%	127	101	0%
PROJECTS STARTED			**45 850**	**13.7**	**6.6%**	**208**	**111**	**35%**
ORIGINE	Nanterre prefecture		70,000	28.9	6.1%	474	392	0%
MILLENAIRE 1	Millénaire business park		29,700	9.9	5.1%	192	14	100%
URSAFF	Pont de Flandre business park		8,600	3.2	7.4%	44	41	100%
ILÔT B2	Portes de Paris business park		39,000	13.9	6.8%	206	178	0%
ILÔT B3	Portes de Paris business park		29,000	10.4	7.9%	132	122	0%
ILÔT C1	Portes de Paris business park		42,900	14.1	7.3%	194	181	0%
OTTAWA	Rungis business park		12,900	3.1	6.0%	51	47	0%
OTHER PROJECTS			12,150	2.1	6.1%	35	34	0%
COMMERCIAL PROJECTS UNDER DEVELOPMENT			**244 250**	**85.6**	**6.4%**	**1,327**	**1,007**	**16%**
MONACO	Rungis business park		4,160	0.5	4.4%	11	11	0%
B034	Pont de Flandre business park		5,300	1.0	4.3%	23	18	0%
ILÔT D	Portes de Paris business park		8,400	2.9	4.7%	62	54	0%
HOTEL PROJECTS UNDER DEVELOPMENT			**17 860**	**4.4**	**4.6%**	**97**	**84**	**0%**
TOTAL PIPELINE			**307,960**	**103.6**	**6.3%**	**1,632**	**1,202**	

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

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

2.2.4.2. Asset disposals

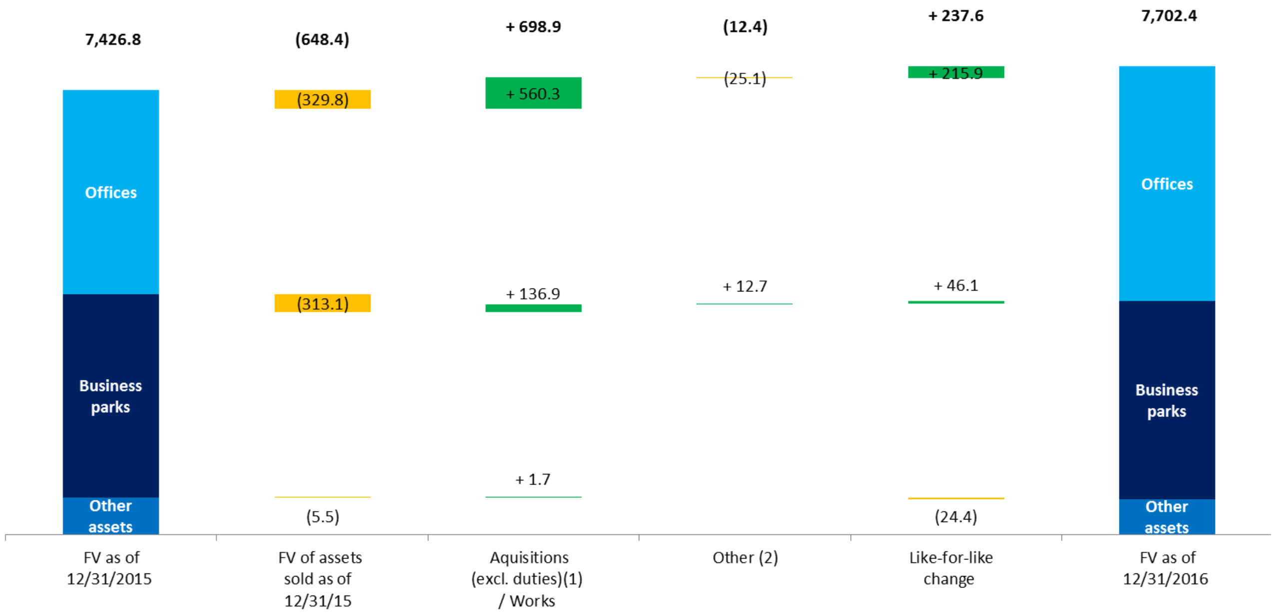
The value of asset disposals carried out in 2016 was €586.6 million.

They included the following transactions:

- In December 2016, disposal of the Nanterre Seine business park (excluding the Axe Seine building) and the Défense 3 building for €145.0 million;
- In December 2016, disposal of the Antony, Cergy, Evry and Villebon business parks for €141.0 million;
- In December 2016, disposal of the building located at 69 boulevard Haussmann in Paris (8th district) for €128 million;
- In December 2016, disposal of the Levallois building for €135 million.

Asset disposals generated an overall capital gain of €19.4 million.

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



	FV as of 12/31/2015	FV as of 12/31/2015 of assets sold	Acquisitions incl. duties [1] / Work	Other [2]	LFL change	FV as of 12/31/2016
Offices	3,642.3	(329.8)	560.3	(25.1)	215.9	4,063.6
Business parks	3,621.2	(313.1)	136.9	12.7	46.1	3,503.7
Other Commercial Property Investment	163.3	(5.5)	1.7	-	(24.4)	135.1
TOTAL	**7,426.8**	**(648.4)**	**698.9**	**(12.4)**	**237.6**	**7,702.4**

[1] 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)

[2] Includes the acquisition (including duties and fees) of three operating buildings (Orsud, Parissy and Arc Ouest) and the portion already paid in 2016 for the off-plan purchase of the Go Spring complex, whose total price is €191.2 million including transfer taxes

2.2.5.1. 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 €7,567.3 million excluding duties as of December 31, 2016 vs. €7,263.4 million at the end of 2015, i.e. an increase of €303.8 million (+4.2%).

Excluding the impact of investments, acquisitions and disposals made during the year 2016, the change in value of office and business park assets was +4.0% on a like-for like basis.

In value terms, 99% of Icade's commercial portfolio is located in the Paris region.

The value of the land bank, projects under development and properties pending redevelopment stood at €353.6 million as of December 31, 2016: €148.5 million of land bank, €175.6 million of projects under development, and €29.5 million of properties pending redevelopment (not leased).

The value of off-plan acquisitions stands at €74.3 million.

Offices

During the year 2016, investments made in office assets, which related mainly to the works to the Crystal Park building in Neuilly-sur-Seine, the Open building in Issy-les-Moulineaux and the PB5 building in La Défense, stood at a total of €48.6 million (after the €25.1 million adjustment for transfer duties and fees, changes in the values of assets acquired during the period, works to properties sold and public-sector properties and projects held as part of PPPs).

Excluding the impact of these investments and asset disposals completed during the year, the value of the Offices division's assets as of December 31, 2016 was up €215.9 million on a like-for-like basis (i.e. + 6.5%) to €4,063.6 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.

During the year 2016, Icade spent €149.6 million in maintenance and development investments in the business parks (excluding the value of works to properties sold during the financial year and adjustments for works to assets valued at their net carrying amount and for acquisition costs: total impact is positive and amounts to €12.7 million).

On a like-for-like basis, excluding investments, acquisitions and disposals, the value of business park assets increased by €46.1 million over the year 2016, i.e. +1.4%, to €3,503.7 million. This increase is the result of different situations from one area to another: the value of the parks located in Paris increased by €105.2 million, demonstrating the attractiveness of the Millénaire and Pont de Flandres business parks, while the business parks located in the Outer Ring showed a decline of -€58.7 million.

Finally, the impact of the new valuations of the land bank, projects under development and properties pending redevelopment (not leased) was 17.2 million (see above for details on valuation methods).

2.2.5.2. Other assets of the Commercial Property Investment Division

Warehouses

The market value of the warehouses was estimated at €19.8 million excluding duties as of December 31, 2016 vs. €20.6 million as of December 31, 2015, i.e. a decrease of €0.8 million (-3.8%).

Residential

As of December 31, 2016, the assets of the Residential Property Investment Division were composed of buildings managed by SNI, together with condominium units and various residual assets, which were valued by property valuers.

The value of these assets was €115.3 million excluding duties as of December 31, 2016 vs. €142.7 million at the end of 2015, i.e. a change of -€27.4 million (-18.3%), which is partly explained by the effect of the disposals.

2.3. Healthcare Property Investment Division

2.3.1. Portfolio overview

The assets of Icade's Healthcare Property Investment Division represent near 1.4 million sq.m of operating floor area (0.8 million sq.m on a proportionate consolidation basis). It is mainly comprised of medicine, surgery and obstetrics (MSO) facilities, and follow-up and rehabilitation care (FRC) facilities.

Geographic distribution of property assets by type

As of December 31, 2016

	Asset value		Total floor area	
% of total portfolio value and floor area	In millions of euros	% of total value of the property portfolio	Floor area (sq.m)	% of total floor area of the property portfolio
Paris region	636	18%	177,371	13%
Hauts de France	354	10%	134,417	10%
Auvergne - Rhone Alpes	390	11%	148,771	11%
Bourgogne Franche Comte	91	3%	36,267	3%
Bretagne	157	4%	68,270	5%
Centre Val de Loire	118	3%	53,124	4%
Grand Est	110	3%	21,418	2%
Pays de la Loire	347	10%	145,695	11%
Occitanie	644	18%	275,785	20%
Nouvelle Aquitaine	458	13%	228,903	17%
Normandie	57	2%	21,024	2%
Provence Alpes Côte d'Azur	221	6%	55,904	4%
GRAND TOTAL	**3,583**	**100%**	**1,366,949**	**100%**

Description of the portfolio

As a market leader, Icade has become a major player in the healthcare sector by building between 2007 and 2016 a portfolio of 96 healthcare assets, featuring:

- assets that start generating cash flows immediately;
- initial lease terms of 12 years with no break clause and a weighted average unexpired lease term of 8.2 years as of December 31, 2016;
- high margin rates (net rental income/gross rental income) (> 98%).

Icade can rely on a team and expertise recognised by its peers for the development and management of Icade Santé, the subsidiary holding the entire healthcare property portfolio.

Since H1 2012, in order to support its growth, Icade Santé has conducted capital increases with institutional investors.

As of December 31, 2016, Icade held a 56.5% stake in Icade Santé, the same level as a year earlier.

In 2016, Icade Santé acquired 4 private hospitals (VAGUIL portfolio) for a total amount of €56.9 million including transfer taxes, two plots of land for €5.9 million (in Narbonne Montredon-des-Corbières and in La Baule Saint-Herblain) where healthcare facilities will be built, and paid a contingent consideration of €8.8 million for a facility acquired in 2014.

The VAGUIL property portfolio was acquired by purchasing the company SAS VAGUIL, which, in turn, owned the following companies: SAS GIEN, SAS MONTCHENAIN, SAS OCEANE LE HAVRE and SAS CHATENOY. Icade did not directly or indirectly buy any other stake in or take control of any other company during the financial year.

Market update (source: Jones Lang Lasalle, Your Care, Drees Santé)

A market characterised by single-use properties with long leases, divided into:

- healthcare facilities, including medicine, surgery and obstetrics (MSO) facilities for short-term stays, or psychiatric facilities and follow-up and rehabilitation care (FRC) facilities for medium-term stays; 85 to 90% of revenues of tenant/operators of healthcare facilities is derived from the French national health insurance (Assurance Maladie);
- medical-social establishments, namely nursing homes (accommodation facilities for dependent elderly persons [EHPAD]), retirement homes (accommodation facilities for the elderly [EHPA]) and residences with services. The revenue of tenant/operators of EHPADs is derived from the French national health insurance (Assurance Maladie), Departmental Councils (housing assistance and assistance to dependent persons) and the residents themselves or their families.

Healthcare properties are single-use properties with varying features: large spaces of medical and technical capacity in acute care and medium-term facilities, and predominant accommodation in medical-social establishments.

The leases signed on these assets are predominantly for a term of 12 years with no break clause and all the charges are recoverable from the tenants (including major works falling within the scope of Article 606 of the French Civil Code). However, since the enactment of Law 2014-626 dated June 18, 2014 on commercial leases (Pinel law) and the entry into force of the Decree establishing rules for allocation of charges, major works under Article 606 of the French Civil Code are now at the expense of property owners in new leases signed (or renewed) on or after November 5, 2014. As part of sales of properties by their operators (sale and leaseback transactions), commitments to perform works and warranties are often provided by the sellers.

A full-fledged asset class with a strong transaction volume in the secondary market

Healthcare real estate has long been a niche with few investors or investors closely related to healthcare operators. However, as investors seek to diversify their portfolios with property assets generating stable rental income in the long term, attractive yields and a low risk of vacancy, the number of healthcare property investors has greatly increased in recent years.

Icade Santé, the market leader specialising in healthcare assets (MSO, FRC and psychiatric facilities) and Cofinimmo (a Belgian REIT which holds primarily EHPAD) are the main property investment companies currently investing in France.

More recently, Eurosic formed a vehicle dedicated to leisure and healthcare assets (Lagune).

Since 2014, the healthcare real estate market has been characterised by substantial investments from several asset management firms, which raised funds specifically for this purpose and created dedicated investment vehicles. For instance, PRIMONIAL held a portfolio of around €2 billion of healthcare assets located in France as of the end of 2016, through the OPCI Primovie (a real estate collective investment scheme). BNP Paribas REIM has about €400 million of assets under management through Health Property Fund 1, its dedicated investment fund. Similarly, Swiss Life REIM, La Française, and AXA IM have dedicated investment vehicles for healthcare real estate.

The market has expanded strongly in the past 2 years, in particular in the past few months, after two significant healthcare property portfolios were put on the market (Vitalia and Gecimed).

The rise of a secondary market facilitated the entry of new market players, by providing the minimum size required by new investment vehicles dedicated to healthcare real estate.

Limited supply, characteristics that attract strong interest, leading to value increases

The healthcare real estate market is now characterised by increased demand from investors looking for long-term, secure rental income. While a few years ago transactions only related to properties sold by their operators as part of sale and leaseback transactions, thus increasing market concentration, or to doctors who sold their properties and businesses (primary market), there are now more and more transactions between investors in an increasingly active secondary market .

After investment volumes increased sharply in 2015 (€1.2 billion compared to €730 million in 2014), a new record was set in 2016, with over €1.6 billion invested in healthcare real estate (source: Your Care Consult study).

This volume reflects the sales of large healthcare portfolios carried out by historical owners (Gecina and Foncière des Régions). In particular, the sale of Gecimed by Gecina for over €1.3 billion was the largest transaction in the history of the French healthcare real estate market.

The current prime yield (new facilities or facilities in excellent condition, with 12-year leases, very well located in dynamic areas, outside Paris) is around 5.50% for medicine, surgery and obstetrics (MSO) facilities (vs. 6.10-6.35% at the end of 2015) and 4.70% for accommodation facilities for dependent elderly persons (EHPAD) (vs. 5.50-5.75% at the end of 2015). (Source: JLL).

This yield compression due to increased competition between specialised investors and new entrants since the end of 2015, resulted in value increases during financial year 2016.

2.3.2. Key figures as of December 31, 2016

Income statement for the Healthcare Property Investment Division

(in millions of euros)	12/31/2016			12/31/2015		
	EPRA earnings from Healthcare Property Investment (Recurring)	Non recurring (1)	Total Healthcare Property Investment	EPRA earnings from Healthcare Property Investment (Recurring)	Non recurring (1)	Total Healthcare Property Investment
GROSS RENTAL INCOME	**207.3**	**-**	**207.3**	**169.5**	**-**	**169.5**
Service charges not recovered from tenants	(2.5)	-	(2.5)	(2.1)	-	(2.1)
Property operating expenses	(0.8)	-	(0.8)	(0.6)	-	(0.6)
NET RENTAL INCOME	**204.0**	**-**	**204.0**	**166.8**	**-**	**166.8**
Margin rate (net rental income / gross rental income)	*98.4%*	*0.0%*	*98.4%*	*98.4%*	*0.0%*	*98.4%*
Net operating costs	**(12.6)**	**-**	**(12.6)**	**(10.2)**	**-**	**(10.2)**
EBITDA	**191.4**	**-**	**191.4**	**156.6**	**-**	**156.6**
Depreciation and impairment of investment properties	-	(95.1)	(95.1)	-	(76.7)	(76.7)
Profit/(loss) from acquisitions	-	1.3	1.3	-	(0.3)	(0.3)
Profit/(loss) from asset disposals	-	(0.3)	(0.3)	-	6.0	6.0
OPERATING PROFIT/(LOSS)	**191.4**	**(94.2)**	**97.3**	**156.6**	**(71.0)**	**85.6**
Cost of gross debt	**(10.6)**	**-**	**(10.6)**	**(10.7)**	**-**	**(10.7)**
Net income from cash and cash equivalents, related loans and receivables	(18.8)	-	(18.8)	(14.9)	-	(14.9)
Cost of net debt	(29.4)	-	(29.4)	(25.6)	-	(25.6)
Other finance income and expenses	(0.6)	(0.2)	(0.9)	(1.0)	0.1	(0.9)
FINANCE INCOME/(EXPENSE)	**(30.0)**	**(0.2)**	**(30.3)**	**(26.6)**	**0.1**	**(26.5)**
Corporate tax	-	0.3	0.3	(0.2)	-	(0.2)
NET PROFIT/(LOSS)	**161.4**	**(94.1)**	**67.2**	**129.8**	**(70.9)**	**58.9**
Net profit/(loss) attributable to non-controlling interests	70.2	(40.9)	29.2	56.4	(30.8)	25.6
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**91.2**	**(53.2)**	**38.0**	**73.3**	**(40.0)**	**33.3**

(1) 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)	12/31/2015 restated	Acquisitions/ completions	Disposals/ redevelopments	Rent escalation	Leasing activity	12/31/2016	Total change	Like-for-like change
HEALTHCARE PROPERTY INVESTMENT	**169.5**	**39.2**	**(1.7)**	**0.7**	**(0.3)**	**207.3**	37.8	0.2%

Gross rental income generated by the Healthcare Property Investment Division during the financial year 2016 amounted to €207.3 million, i.e. an increase of €37.8 million compared to 2015 (+22.3%).

On a like-for-like basis, rental income was up 0.2% due to rent escalation.

Changes in scope of consolidation represented €37.5 million, including:

- + €36.9 million in additional rental income related to acquisitions, especially the Vision portfolio purchased in 2015
- + €2.2 million following extension works and completions in operating private hospitals
- - €1.7 million following the disposal of the "Renaison" and the "Clinique du Parc" private hospitals

Net rental income from the Healthcare Property Investment Division for the year 2016 totalled €204.0 million, representing a margin rate of 98.4%, as in 2015.

(in millions of euros)	12/31/2016 Net rental income	12/31/2016 Margin	12/31/2015 Net rental income	12/31/2015 Margin
HEALTHCARE PROPERTY INVESTMENT	204.0	98.4%	166.8	98.4%

Finance income/(expense) for the Healthcare Property Investment Division as of December 31, 2016 totalled €(30.3) million vs. €(26.5) million as of December 31, 2015. This change is primarily explained by the increase in debt related to asset acquisitions conducted in 2015.

Net profit/(loss) attributable to non-controlling interests from the Healthcare Property Investment Division stood at €29.2 million vs. €25.6 million thanks to an improvement in net profit. This corresponds to minority interests (43.49% of capital) in Icade Santé as of December 31, 2016.

After taking into account the items above, **EPRA Earnings from Healthcare Property Investment** reached €91.2 million (€1.23 per share) as of December 31, 2016, vs. €73.3 million as of December 31, 2015 (€0.99 per share).

Other items that had an impact on Net profit/(loss) attributable to the Group from the Healthcare Property Investment Division represented a total net expense of €53.0 million compared to €40.0 million as of December 31, 2015.

Thus, considering the items above, **Net profit/(loss) attributable to the Group** from the Healthcare Property Investment Division reached €38.0 million as of December 31, 2016 vs. €33.3 million as of December 31, 2015.

2.3.3. Leasing activity of the Healthcare Property Investment Division

As of December 31, 2016, the **financial occupancy rate** remained unchanged compared to December 31, 2015, at 100%. Private hospitals also showed a physical occupancy rate of 100%.

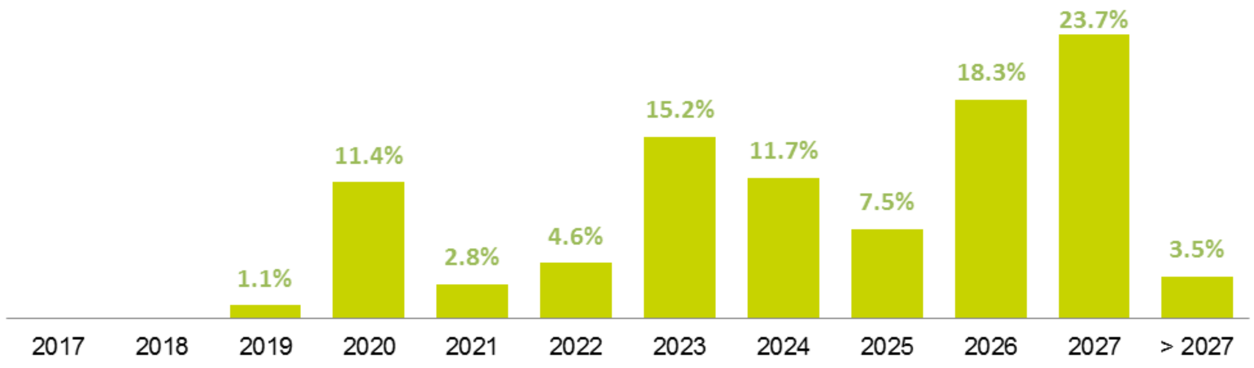
The weighted average unexpired lease term was 8.2 years and was down 0.6 year compared with 2015.

	Financial occupancy rate *(in %)*(2)			Weighted average unexpired lease term *(in years)*(2)	
Asset class	12/31/2016	12/31/2015	Like-for-like change(1)	12/31/2016	12/31/2015
HEALTHCARE PROPERTY INVESTMENT	100.0%	100.0%	+0.0 pp	8.2	8.8

(1) Excluding completions, acquisitions and disposals for the period
(2) Based on proportionate consolidation

Lease expiry schedule by segment in terms of annualised rents (in millions of euros)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2027+	Total
HEALTHCARE PROPERTY INVESTMENT	-	-	2.3	24.1	6.0	9.8	32.2	24.8	15.9	38.7	50.1	7.3	211.0



2.3.4. Asset rotation for the Healthcare Property Investment Division

2.3.4.1. Investments

(in millions of euros)	Asset acquisitions	Projects under development	Other Capex	Other	Total
HEALTHCARE PROPERTY INVESTMENT	65.7	84.6	52.2	0.7	203.2

In order to finance these investments during the financial year, the Healthcare Property Investment Division used its own cash and corporate lines of credit.

2016 investments amounted to €203.2 million including €56.9 million for acquisitions, in particular for a portfolio of 4 medium-term care facilities operated by Ramsay Générale de Santé (the leader in the French private hospital industry). They include the following assets:

- The "Chalonnais" follow-up and rehabilitation care facility in Châtenoy-le-Royal (Saône-et-Loire department);
- The "Pont de Gien" private psychiatric hospital in Gien (Loiret department);
- The "Océane" private psychiatric hospital in Le Havre (Seine-Maritime department);
- The "Ronsard" private psychiatric hospital in Chambray-les-Tours (Indre-et-Loire department).

In addition to these acquisitions, the Healthcare Property Investment Division paid a contingent consideration for the Claude Bernard private hospital in Ermont for €8.8 million.

As a result, acquisitions represented a total of €65.7 million.

This is in addition to €84.6 million of development costs relating to the following facilities:

- Domont private hospital for €7.8 million, completed in H2 2016;
- Courlancy polyclinic in Bezannes for €30.7 million
- La Croix du Sud polyclinic in Quint-Fonsegrives for €28.7 million;
- Bromelia project in Saint-Herblain for €13.6 million (including €2.1 million for land acquisition and €11.5 million for development works);
- Greater Narbonne Private Hospital for €3.8 million for land acquisition.

Finally, works to private hospitals currently operating amounted to €52.9 million.

Property development projects

In millions of euros	Completion	Operator	Number of inpatient and outpatient beds	Rental income	Yield on cost (1)	Total cost of project	Remaining investment Total	Remaining investment 2017
Courlancy polyclinic	2018	Courlancy	458			76.7	35.7	30.0
La Croix du Sud polyclinic	2018	Capio	269			80.3	43.7	37.6
Bromélia project (AHO)	2018	Elsan	169			38.9	25.3	20.5
Greater Narbonne Private Hospital	2019	MédiPôle	283			49.0	45.2	16.8
PROJECTS STARTED			**1,179**	**16.3**	**6.7%**	**244.9**	**149.9**	**104.8**

1 YOC = headline rents / cost of the project as approved by Icade's governance bodies. This cost includes the carrying value of land, cost of works, carrying costs and any lease incentives.

The Healthcare Property Investment Division has a development pipeline of €245 million (costs of the projects). The average estimated yield on cost of these projects stands at 6.7%.

2.3.4.2. Asset disposals

No asset was sold in 2016.

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

	FV as of 12/31/2015	FV as of 12/31/2015 of assets sold	Acquisitions incl. duties / Works	Other [1]	LFL change	FV as of 12/31/2016
Healthcare	1,735.3		114.8	0.7	173.9	2,024.7
TOTAL	**1,735.3**	**0.0**	**114.8**	**0.7**	**173.9**	**2,024.7**

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

The property portfolio of the Healthcare Property Investment Division includes private hospital buildings and other healthcare establishment buildings.

Based on proportionate consolidation, the overall value of Icade's Healthcare Property Investment portfolio is estimated at €2,024.7 million excluding duties as of December 31, 2016, vs. €1,735.3 million at the end of 2015, i.e. an increase of €289.4 million, which is explained mainly by value increases and the acquisition of 4 healthcare facilities and 2 plots of land for €42.1 million (including duties and fees, based on proportionate consolidation), and by investments in works.

On a like-for-like basis, after (i) exclusion of works for the year for €72.7 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 (+€0.7 million), the value of the portfolio rose by €173.9 million over the year 2016, i.e. +10.0%.

3. Property Development Division

3.1. Income statement and performance indicators

The Property Development Division operates in the following areas: Residential Property Development, which represents 68.7% of its IFRS revenue, Commercial Property Development (16.0%), and Public and Healthcare Amenities Development (13.3%). Additionally, the Property Development Division has a Project Owner Assistance subdivision representing 2.0% of its IFRS revenue.

In 2016, revenue from the Property Development Division increased by 3.1% compared with 2015, driven by revenue from the Commercial segment.

As a result of revenue growth and structural costs which were kept under control, IFRS operating profit/(loss) stood at €40.7 million as of December 31, 2016 vs. €37.9 million as of December 31, 2015, and Net profit/(loss) attributable to the Group was €20.8 million, up 8.9% compared to 2015.

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

	12/31/2016			12/31/2015		
(in millions of euros)	Current	Non-current	Total	Current	Non-current	Total
Revenue	**913.1**		**913.1**	**885.4**		**885.4**
Income from operating activities	917.9		917.9	888.7		888.7
Purchases used	(744.9)		(744.9)	(717.8)		(717.8)
Outside services	(55.0)		(55.0)	(60.0)		(60.0)
Taxes, duties and similar payments	(4.5)		(4.5)	(5.5)		(5.5)
Staff costs, performance incentive scheme and profit sharing	(71.3)		(71.3)	(63.5)		(63.5)
Other operating expenses	(10.3)		(10.3)	(11.4)		(11.4)
Operating expenses	(886.0)		(886.0)	(858.1)		(858.1)
EBITDA	**31.9**		**31.9**	**30.6**		**30.6**
Depreciation charges net of investment grants		(1.3)	(1.3)		(1.4)	(1.4)
Charges and reversals related to impairment of tangible, financial and other current assets		(1.4)	(1.4)		(0.4)	(0.4)
Profit/(loss) from asset disposals		(0.1)	(0.1)		(0.6)	(0.6)
Share of profit/(loss) of equity-accounted companies	11.6	0.1	11.6	9.3	0.3	9.6
OPERATING PROFIT/(LOSS)	**43.4**	**(2.7)**	**40.7**	**39.9**	**(2.0)**	**37.9**
Cost of gross debt	-	-	-	(0.1)		(0.1)
Net income from cash and cash equivalents, related loans and receivables	0.5		0.5	0.6		0.6
Cost of net debt	**0.4**		**0.4**	**0.5**		**0.5**
Other finance income and expenses	0.4	-	0.4	0.2	-	0.2
FINANCE INCOME/(EXPENSE)	**0.8**	**0.0**	**0.8**	**0.8**	**-**	**0.8**
Income tax	(19.9)	0.9	(19.0)	(18.6)	0.8	(17.8)
NET PROFIT/(LOSS)	**24.3**	**(1.8)**	**22.5**	**22.1**	**(1.3)**	**20.8**
Net profit/(loss) attributable to non-controlling interests	2.0	(0.3)	1.7	1.8	(0.0)	1.8
Net profit/(loss) attributable to the Group	**22.2**	**(1.4)**	**20.8**	**20.3**	**(1.3)**	**19.1**

The application of IFRS 11 on joint ventures does not allow Icade to fully reflect the activity of the Property Development Division.

The IFRS 11 standard requires the equity method of accounting for joint ventures. Consequently, the financial indicator tables below present the relationship between the accounting presentation (equity method as per IFRS) and the economic presentation (proportionate consolidation).

The financial indicators below include joint ventures on a proportionate consolidation basis (economic presentation).

In millions of euros	12/31/2016 Total Property Dev.	12/31/2016 Residential Property Dev.	12/31/2016 Commercial Property Dev.	12/31/2015 Total Property Dev.	12/31/2015 Residential Property Dev.	12/31/2015 Commercial Property Dev.	Change Total Property Dev.
Economic revenue:							
IFRS segment reporting	913.1	627.6	285.5	885.4	647.2	238.3	
Joint ventures (1)	91.8	38.9	53.0	70.1	49.6	20.5	
ECONOMIC REVENUE	**1,005.0**	**666.5**	**338.5**	**955.5**	**696.8**	**258.7**	**5.2%**
Economic operating profit/(loss):							
IFRS segment reporting	40.7	23.9	16.8	37.9	33.6	4.3	
Cancellation of IFRS income from equity-accounted joint ventures	(11.4)	(3.1)	(8.3)	(8.8)	(6.0)	(2.9)	
Operating profit/(loss) from joint ventures (1)	11.5	3.2	8.3	9.1	6.1	3.0	
Adjustment (2)	14.8	7.1	7.7	14.9	9.8	5.1	
CURRENT ECONOMIC OPERATING PROFIT/(LOSS)	**55.6**	**31.1**	**24.5**	**53.0**	**43.5**	**9.6**	**4.9%**
Current economic operating margin (operating profit or loss/revenue)	**5.5%**	**4.7%**	**7.2%**	**5.5%**	**6.2%**	**3.6%**	

(1) Adjustment for IFRS 11 impacts.

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

3.1.2. Return on equity

(in millions of euros)	12/31/2016	12/31/2015
Net profit/(loss) attributable to the Group	20.8	19.1
Average allocated capital (1)	339.5	437.1
Return on equity	**6.1%**	**4.4%**

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

As of December 31, 2016, return on equity stood at 6.1%, an increase compared to the previous year, which resulted from improved Net profit/(loss) attributable to the Group and lower capital allocated to Property Development. At the end of 2016, in line with the payment made at the end of 2015, Icade Promotion paid a special dividend of €100 million to its sole shareholder Icade SA.

3.1.3. 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.

(in millions of euros)	12/31/2016 Total	12/31/2016 Paris region	12/31/2016 Outside the Paris region	12/31/2015 Total	12/31/2015 Paris region	12/31/2015 Outside the Paris region
Residential Property Development (incl. subdivisions)	1,058.2	392.2	666.0	834.1	271.1	563.0
Commercial Property Development	366.9	167.6	199.3	417.6	143.1	274.5
Public and Healthcare Amenities Development	142.2	-	142.2	228.6	28.4	200.2
Order book for Services & Project Owner Assistance operations	29.7	19.0	10.7	28.1	23.6	4.5
TOTAL	**1,597.0**	**578.8**	**1,018.2**	**1,508.4**	**466.2**	**1,042.2**
Share of total	100.0%	36.2%	63.8%	100.0%	30.9%	69.1%

The Property Development Division’s total backlog was up 5.9% to €1,597.0 million vs. €1,508.4 million as of December 31, 2015.

This change breaks down as follows:

- A strong increase in the Residential Property Development Division's backlog of 26.9% resulting from higher orders throughout 2016;
- An decrease in the Commercial Property Development Division's backlog of 12.1% due to the progress of construction work in a large number of projects signed in 2015, partly renewed by the contracts signed in 2016:

– In Lyon:

- Off-plan sale agreement signed with AEW Europe SGP, acting on behalf of the French real estate investment company (SCPI) "Fructifonds Immobilier" for the OXAYA office building located in the north end of Gerland and which is due to be completed by early 2018;
- Off-plan sale agreement signed with Héraclès Investissement for the UnitY building extending to 2,774 sq.m and consisting of 11 ground floor retail units in the Ynfluences Square complex, within the development zone (ZAC) of Lyon Confluence;
- Preliminary off-plan sale agreement signed with BNP Paribas Diversipierre for the KARRE office building (9,800 sq.m) located at the heart of the Carré de Soie multimodal hub in the Greater Lyon area;

– In Bordeaux:

- Off-plan sale agreement signed with PFO2, which is managed by PERIAL Asset Management, for the 5,044-sq.m Sémaphore office building, situated in the Bassins à flot area;

– In Paris:

- Off-plan sale agreement signed with ACM Vie for the Twist building, which represents 10,344 sq.m of office space in the Clichy Batignolles development zone (lot N5);

- A 37.8% decline in backlog for Public and Healthcare Amenities Development, due to the low volume of property development contracts renewed in this segment this year;
- The order book for Services and Project Owner Assistance operations grew by 5.7% in connection with the integration of the Delegated Project Management team, in charge of works to the properties of the Commercial Property Investment Division.

3.1.4. Valuation of Property Development companies

The valuation methods used by the independent property valuer in charge of valuing Icade Promotion are described in the *Notes to the Consolidated Financial Statements*, section 4.4. *Impairment tests and unrealised capital gains on the property portfolio and Property Development companies* in note 4. "Portfolio and fair value".

The value of Icade Promotion as of December 31, 2016 breaks down as follows:

(in millions of euros)	12/31/2016	12/31/2015
Enterprise value	424.0	319.1
Net debt[1]	53.2	(113.0)
Provisions and minority interests[1]	43.2	40.5
Value of investments in fully-consolidated companies	**327.6**	**391.6**
Value of investments in equity-accounted companies	**58.2**	**68.4**
Total value of investments in the companies	**385.8**	**460.0**

[1] *A negative number is a net asset, while a positive number is a net liability*

Enterprise value of fully-consolidated companies	424.0	319.1
Enterprise value of equity-accounted companies	89.8	94.2
Enterprise value of Property Development companies	**513.8**	**413.3**

The enterprise value of Property Development companies as of December 31, 2016 (including the enterprise value of equity-accounted companies) grew significantly compared with December 31, 2015. This increase resulted mainly from the impact of the improved business plan for the Property Development, which takes into account favourable conditions in the French property development market, improved profitability which will catch up with peer average over the period covered by the strategic plan, and an expansion in the portfolio of potential projects.

3.2. Residential Property Development

(in millions of euros)	12/31/2016	12/31/2015	Change
Economic revenue	666.5	696.8	(4.4%)
Current economic operating profit/(loss)	31.1	43.5	(28.5%)
Current economic operating margin (operating profit or loss/revenue)	**4.7%**	**6.2%**	

***Market update* (source: FPI, SOeS, CGDD)**

The recovery that had started at the end of 2015 continued and as of Q3 2016 the market already showed solid performance. With a total of 31,824 units (including 4,997 sold as part of bulk sales and 1,250 in residences with services), new-home sales rose again in Q3 2016, by 25.1% compared to Q3 2015 (25,436 units). This indicator increased for the eighth consecutive quarter since Q4 2014, when the Pinel tax incentive programme was launched. This trend can be observed across all segments: unit sales (+27.6%), bulk sales (+13.8%), and sales of residences with services (+25 %).

Thanks to the positive environment created by the continuation of the Pinel tax incentive programme, sales to investors went up by 27.2% on a year-on-year basis, with 13,860 units (vs. 10,899 in Q3 2015).

Sales to home buyers rose by 28.1% compared to the previous year with 11,717 units (vs. 9,147 in Q3 2015), boosted by the decline in interest rates (1.31% on average excluding insurance costs), longer loans (the proportion of loans longer than 25 years reached 33% in 2016) and the ramp-up of the interest-free loan.

Housing units put up for sale also increased, although at a lower pace than sales (+4.5%), with 19,847 units in Q3 2016 (vs. 18,987 in Q3 2015).

Comparing 9M 2016 with 9M 2015, the same indicator went up by 13.9%.

The stock of homes available for sale, at 94,110 units as of Q3 2016 (including 88,083 apartments), remained stable in volume terms (-0.6% over a 12-month rolling period). As of Q3 2016, this stock consisted of 48% of units under development, 44% under construction and 8% completed.

The stock/sales ratio, which measures the average time on market, went down to 10.1 theoretical months (vs. 12.4 months in Q3 2015 in 14 months in 2014).

The average sale price at the national level went up by 3.4% from its Q3 2015 level (+ 4.9% and 2.9% within and outside the Paris region, respectively).

In France as a whole, 453,200 building permits were issued in 2016, i.e. +14.2% compared to the same period in 2015. Blocks of apartments continued to drive the sector, with a 19%/18.5% increase on a year-on-year basis. The most active markets (housing starts) were the following regions: Provence-Alpes-Cote-d'Azur (+22.9%), Occitanie (+17.2%), Bretagne (+15.5%) and Paris region (+12.7%). Two markets showed a decline: the Grand Est (-2.9%) and Normandie (-1.3%) regions.

The number of housing starts represented 376,500 units in the last 12 months, a 10.41% increase compared to the preceding 12 months.

The increase in orders and sales of housing units by the Property Development Division, which stems from market recovery, did not yet have an impact on revenues from the Residential Property Development Division, which stood at €666.5 million as of December 31, 2016, down 4.3% compared to 2015.

This decrease is mainly due to a higher proportion of projects at the construction start stage compared to the previous year, as their contribution to revenues is lower; it was intensified by an unfavourable base effect related to the substantial contribution of the large-scale "North East Paris" project (19th district of Paris – Mac Donald: 1,126 units) completed in July 2015.

The strong improvement in business indicators over 2016 (land portfolio, orders, backlog) will very positively impact this division's revenue in 2017.

As a result, economic operating profit/(loss) from the Residential Property Development Division declined to €31.1 million as of December 31, 2016 from €43.5 million a year earlier.

In 2016, recovery was confirmed in the residential real estate market, still driven by individual investors in the rental property market (Pinel tax incentive programme extended to December 31, 2017) and by home buyers who benefit from an interest-free loan and from the implementation of the Priority Neighbourhoods government programme (QPV).

Sales to social landlords were stable. Sales to other institutional investors grew sharply this year for Icade.

The environment of extremely low interest rates, which constantly declined during the year, has had a positive impact on buyers' solvency.

New-build prices are almost stable, although with substantial differences from one region to another.

Based on data made available by the French Federation of Real Estate Developers, nearly 145,000 new housing units are expected to be sold in 2016 (102,888 units sold during 9M 2016), which would be a record for the new-build residential market in France. Housing starts were up 6% over 9M 2016 (compared to 9M 2015).

Main physical indicators as of December 31, 2016

	12/31/2016	12/31/2015	Change
Properties put on the market			
Paris region	1,931	1,583	22.0%
Outside the Paris region	3,359	3,348	0.3%
TOTAL UNITS *(1)*	**5,290**	**4,931**	**7.3%**
Paris region	423.6	346.0	22.4%
Outside the Paris region	600.6	650.4	(7.7%)
TOTAL REVENUE *(potential in millions of euros)*	**1,024.2**	**996.4**	**2.8%**
Projects started			
Paris region	1,391	1,012	37.5%
Outside the Paris region	3,735	3,626	3.0%
TOTAL UNITS	**5,126**	**4,638**	**10.5%**
Paris region	293.5	216.2	35.8%
Outside the Paris region	681.6	735.4	(7.3%)
TOTAL REVENUE *(potential in millions of euros)*	**975.1**	**951.6**	**2.5%**
Orders			
Housing orders *(in units)*	5,665	3,999	41.7%
Housing orders *(in millions of euros including taxes)*	1,114.8	839.3	32.8%
Residential – cancellation rate *(in %)*	14%	23%	(37.7%)
Average sale price and average floor area based on orders			
Average price including taxes per habitable sq.m *(in €/sq.m)*	3,671	3,641	0.8%
Average budget including taxes per housing unit *(in k€)*	198.0	210.0	(5.7%)
Average floor area per housing unit *(in sq.m)*	54.0	57.6	(6.3%)

(1) "Units" mean the number of residential units or equivalent residential units (for mixed 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 based on the reference of December 31 of the preceding year.

Breakdown of orders by type of customer

	12/31/2016	12/31/2015
Social housing institutional investors (ESH) – social landlords	21.9%	21.6%
Institutional investors	17.5%	10.0%
Individual investors	39.7%	42.6%
Home buyers	20.9%	25.8%
TOTAL	**100.0%**	**100.0%**

Icade's net housing orders as of December 31, 2016 increased by 41.7% in volume terms compared to the previous year, reaching 5,665 orders, and increasing by 32.8% in value terms, the record level for the Property Development Division.

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 54 sq.m in 2016 vs. 57.6 sq.m in 2015) and a strong level of orders from professional property owners (with a significantly lower unit sale price).

In line with the recovery in the real estate market, the absorption rate increased from 7.2% as of December 31, 2015 to 10.3% at the end of 2016. In addition, the order cancellation rate declined dramatically (14% as of December 31, 2016 vs. 23% at the end of 2015).

As a continuation of the trend observed in H1 2016, orders from institutional investors rose to 39.4% of total orders made as of December 31, 2016, vs. 31.6% for the same period a year earlier. On the other hand, the proportion of individual investors using the Pinel tax incentive programme continues to predominate. The number of orders from first-time buyers also increased thanks to the new incentive measures taken by the government (especially the interest-free loan).

The inventory of unsold completed properties was kept under control, with €30 million as of December 31, 2016 vs. €37 million as of December 31, 2015.

The average level of pre-committed projects recorded at construction start was high (67% on average).

Land portfolio

The portfolio of residential land and building plots represented 10,499 units and potential revenues of €2.2 billion, a 28% increase in value terms compared to December 31, 2015 (8,153 units for €1.7 billion). This increase reflects the acceleration in the development strategy pursued by the Property Development Division and its new management since the beginning of 2016, as part of the new strategic plan.

3.3. Commercial Property Development

(in millions of euros)	12/31/2016	12/31/2015	Change
Economic revenue	338.5	258.7	30.9%
Current economic operating profit/(loss)	24.5	9.6	155.3%
Current economic operating margin (operating profit or loss/revenue)	**7.2%**	**3.6%**	

Public and Healthcare Amenities Development

In 2016, revenue from Public and Healthcare Amenities Development increased by 14.1% to €121.2 million.

The launch of construction works for the "Montpellier-Sud de France" high-speed train (TGV) station at the end of 2015 and the progress of the major "Nouméa Private Hospital" construction project contributed significantly to the increase in this division's revenue in 2016.

As of December 31, 2016, the portfolio of "Public and Healthcare Amenities Development" projects was equivalent to 202,314 sq.m (vs. 245,036 sq.m as of December 31, 2015), including 96,694 sq.m under construction. The project portfolio of this activity was exclusively located outside the Paris region and in French overseas departments and territories (DOM-TOM). Projects completed during the year represented 34,599 sq.m.

The cancellation of the new stadium project for the French Rugby Federation has no impact for Icade.

Commercial and Retail Property Development

As of December 31, 2016, revenue from the Commercial and Retail Property Development business totalled €199 million, vs. €133.5 million as of December 31, 2015. This 49.1% increase is mainly attributable to the numerous contracts signed in 2015 which contributed significantly to revenue in 2016.

As of December 31, 2016, Icade Promotion had a portfolio of projects in the Commercial and Retail Property Development segment of around 507,657 sq.m (vs. 769,443 sq.m as of December 31, 2015), including 165,840 sq.m under construction. The Property Development Division started construction work on the Twist (10,400 sq.m) and Thémis (10,655 sq.m) projects, both in the Clichy-Batignolles development zone (ZAC) in Paris, and on the OXAYA building (7,200 sq.m) situated in the Gerland neighbourhood of Lyon. In 2016, completions added up to 26,732 sq.m.

Speculative developments represented an exposure of €128.1 million as of December 31, 2016, a significant decrease compared to December 31, 2015 (€201.4 million), due mainly to the signing of an off-plan sale agreement for the Twist building located in the Clichy-Batignolles development zone (N5 lot), in Paris.

Project Owner Assistance

The Project Owner Assistance Division executes Project Owner Assistance contracts and conducts studies on behalf of clients from the Public and Healthcare Amenities, Commercial and Retail sectors.

In 2016, revenue from this division stood at €18.3 million.

Working capital requirement and debt

	12/31/2016			12/31/2015 restated			
(in millions of euros)	IFRS	Reclassification of joint ventures	Total	IFRS	Reclassification of joint ventures	Total	Change
Residential Property Development	215.0	28.0	243.0	198.2	22.4	220.6	22.4
Commercial Property Development	92.0	15.4	107.4	36.7	13.5	50.2	57.2
WORKING CAPITAL REQUIREMENT (2)	**307.0**	**43.4**	**350.4**	**234.9**	**35.8**	**270.7**	**79.7**
NET DEBT (1)	**53.2**	**30.7**	**83.9**	**(113.1)**	**25.0**	**(88.1)**	**172.0**

(1) A negative number is a net asset, while a positive number is a net liability.
(2) The WCR now includes deferred tax assets and liabilities.

The working capital requirement (WCR) improved by €79.7 million compared to the beginning of the year 2016, totalling €350.4 million.

The WCR for the Commercial Property Development Division rose to €57.2 million due to construction starts in major projects.

The WCR for the Residential Property Development Division also increased, by €22.4 million, following the business recovery shown by the significant growth in backlog and the revenue outlook for 2017.

Net cash from the Property Development Division stood at -€83.9 million, down €172 million compared with December 31, 2015, due to the increase in WCR and the payment of €120.5 million in dividends during financial year 2016.

4. Results from discontinued operations

Profit/(loss) from discontinued operations was +€13.3 million as of December 31, 2016 vs. -€20.5 million as of December 31, 2015. This figure includes the profit/(loss) from disposals of entities from the Property Services Division in the amount of €16.0 million.