



ICADE – POSITIVE DYNAMIC ACROSS ALL BUSINESS LINES IN Q1 2017

- Commercial Property Investment:
 - Continued increase in the financial occupancy rate of Commercial Property Investment assets to 91.7%, i.e. +0.6 pp compared to the end of 2016, including +0.8 pp like-for-like in business parks;
 - Strong leasing activity during the quarter: new leases signed for a total of 37,400 sq.m;
 - Lease renewals totalling 51,300 sq.m (including 2 office buildings located in Villejuif), average term of over 8 years;
 - Preliminary agreements signed to sell three office assets totalling 43,000 sq.m in Villejuif for €225m.

- Healthcare Property Investment:
 - Acquisition of 2 private hospitals at the beginning of April 2017 for nearly €53m (including duties);
 - On March 31, 2017, sale of the Les Chênes polyclinic in Aire-sur-l'Adour for €5.6m (net price received by the seller);
 - Higher investments in projects under development (€37.5m invested over the quarter).

- Property Development:
 - Significant rise in economic revenue¹ to €217.3m (+12.8%²), boosted by the Residential Property Development business (+24.8%);
 - Housing orders up 10.3% for the Residential Property Development business²;
 - Continued growth in backlog to €1,574m as of March 31, 2017 (+1.8%²);
 - Partnership with Poste Immo, with the objective of creating Arkadea, a full-fledged property development company.

- Projects generating synergies between Commercial Property Investment and Property Development in region: 70,000 sq.m development project on the Latécoère site in Toulouse

- 2017 net current cash flow outlook confirmed: up at least 4% compared to 2016

¹ Economic revenue = IFRS revenue adjusted from IFRS 11

² vs. March 2016

1. REVENUE AS OF MARCH 31, 2017

As of March 31, 2017, Icade's consolidated revenue showed a 3.9% increase compared to March 31, 2016, driven by Property Development (+6.4%) and Healthcare Property Investment (+2.9%).

(in millions of euros)

	03/31/2017	03/31/2016	Change (%)
Gross rental income from Commercial Property Investment	93.6	93.8	(0.3)%
Gross rental income from Healthcare Property Investment	52.7	51.2	2.9%
Property Development revenue	189.1	177.7	6.4%
Other revenue	(1.4)	(1.2)	15.7%
CONSOLIDATED REVENUE	333.9	321.5	3.9%

2. PROPERTY INVESTMENT DIVISION

2.1. Commercial Property Investment

Rental income:

(in millions of euros)	03/31/2016 restated*	Acquisitions / completions	Disposals / redevelopments	Leasing activity/escalation	03/31/2017	Change (%)	Like-for-like change (%)
Offices	42.3	5.8	(5.1)	(0.3)	42.7	0.9%	(0.8)%
Business parks	48.5	6.1	(6.0)	(0.3)	48.2	(0.7)%	(0.8)%
TOTAL OFFICE AND BUSINESS PARK ASSETS	90.8	11.8	(11.1)	(0.6)	90.9	0.0%	(0.8)%
Other assets	4.4	-	(0.2)	(0.0)	4.2	(5.7)%	(0.4)%
Intra-group transactions from Commercial Property Investment	(1.4)	-	-	(0.0)	(1.5)		1.7%
GROSS RENTAL INCOME	93.8	11.8	(11.4)	(0.6)	93.6	(0.3)%	(0.7)%

(*) Reclassification of the Axe Seine asset from the business park segment to the office segment, formerly classified within the Nanterre Seine business park (sold in 2016).

In the office and business park segment, rental income added up to €90.9 million, stable compared to March 31, 2016 (€90.8 million).

Including residual assets (housing, warehouses), Q1 2017 performance was slightly down, with total rental income standing at €93.6 million. A decrease of -€0.7 million (-0.7%) was recorded on a like-for-like basis.

Changes in scope of consolidation affected the year-on-year trend in rental income as of the end of Q1 2017, including:

- + €5.3 million positive impacts from the three acquisitions made in H2 2016 in the office segment (Parissy, Arc Ouest and Orsud);

- **+ €6.6 million** positive impacts from completions in the Millénaire business park (Véolia headquarters and Millénaire 4) and in the office segment (first phase of the Go Spring off-plan sale project completed in March 2017 and lease signed in Défense 4/5/6 on February 1, 2017);
- **-€10.9 million** negative impacts from the disposal of the 5 non-core business parks in 2016 (-€5.8 million) and the sale of office buildings (-€5.1 million), mainly the Levallois and Haussmann buildings;
- **-€0.3 million** due to the rental income shortfall from assets made available for redevelopment.

Rental income generated by acquisitions and asset completions from 2016 offset the impact of disposals carried out as part of the strategic plan.

Analysis of leasing activity:

Asset class	12/31/2016 restated*	Q1 2017 changes		03/31/2017	New leases in Q1 2017		Total new leases in Q1 2017
	Leased floor area	Additions	Exits	Leased floor area	Impact in Q1 2017	Impact after Q1 2017	
	(sq.m)	(sq.m)	(sq.m)	(sq.m)	(sq.m)	(sq.m)	(sq.m)
Offices	516,637	6,181	(1,575)	521,243	1,298	1,029	2,327
Business parks	1,023,774	20,598	(17,138)	1,027,234	8,993	14,704	23,697
Warehouses	64,039	285	-	64,324	285	-	285
LIKE-FOR-LIKE SCOPE (A)	1,604,450	27,064	(18,713)	1,612,801	10,576	15,733	26,309
Offices	-	14,299	-	14,299	-	11,088	11,088
Business parks	-	-	-	-	-	-	-
Warehouses	-	-	-	-	-	-	-
ACQUISITIONS / COMPLETIONS (B)		14,299	-	14,299	-	11,088	11,088
SUBTOTAL	1,604,450	41,363	(18,713)	1,627,100	10,576	26,820	37,397
DISPOSALS (C)	-	-	-	-	-	-	-
COMMERCIAL PROPERTY INVESTMENT (A)+(B)+(C)	1,604,450	41,363	(18,713)	1,627,100	10,576	26,821	37,397

(*) Reclassification of leased floor area in the Axe Seine building (11,614 sq.m) from the business park segment to the office segment

Additions to the portfolio of leased space represented 41,363 sq.m.

- On a like-for-like basis, the main additions to the portfolio of leased space represented 27,064 sq.m.
- In the portfolio of leased space, new leases taking effect added up to 14,299 sq.m and related exclusively to the Go Spring building (rent guarantee period), whose first phase was completed in March 2017.

On a like-for-like basis, the exits from the portfolio of leased space during the period totalled 18,713 sq.m.

Fifteen leases were **renewed** for a total floor area of 51,337 sq.m and an annualised headline rental income of €14.0 million, implying a 7.1% decline compared to previous leases. The average remaining term to first break (or expiry) of these renewed leases stood at 8.3 years.

Taking these changes into account, the **weighted average unexpired lease term** for the Commercial Property Investment Division was 4.9 years, a minor increase compared to the end of 2016 (4.8 years).

The financial occupancy rate reached 91.7% as of March 31, 2017, up 0.6 pp from December 31, 2016, essentially driven by business parks and, to a lesser extent, by the office portfolio. A 0.6-pp rise was also recorded on a like-for-like basis.

This improvement resulted mainly from new leases signed in the Pont de Flandre business park (with Grand Paris Aménagement), Défense 4/5/6 (with Directcte) and the completion of the first phase of the Go Spring building in Nanterre.

Asset class	Financial occupancy rate (in %)**			Weighted average unexpired lease term (in years)**	
	03/31/2017	31/12/2016 restated***	Like-for-like change*	03/31/2017	12/31/2016
Offices	95.1%	94.6%	+0.4 pp	6.0	5.9
Business parks	88.8%	88.1%	0.8 pp	3.8	3.9
TOTAL OFFICE AND BUSINESS PARK ASSETS	91.8%	91.1%	+0.6 pp	4.9	4.8
Warehouses	84.9%	84.7%	+0.3 pp	1.8	1.3
COMMERCIAL PROPERTY INVESTMENT	91.7%	91.1%	+0.6 pp	4.9	4.8

* Excluding completions, acquisitions and disposals for the period

** Based on proportionate consolidation

*** Reclassification of the Axe Seine building from the business park segment to the office segment

The forty-four new leases signed during the quarter represent an aggregate floor area of 37,397 sq.m and €7.6 million in annualised headline rents. Those scheduled to take effect after March 31, 2017 represent 26,821 sq.m.

The quarter was marked by the signing of an off-plan lease with URSAFF for 8,450 sq.m scheduled to take effect in the summer of 2019 in the Pont de Flandre business park. This demonstrates how attractive this site is, with an occupancy rate of nearly 100%. The lease term will be 9 years with no break option.

Lastly, the quarter saw the materialisation of business synergies with the Property Development Division on the Latécoère site in Toulouse (70 000 s.q.m), as an acquisition with an off-plan lease for 11,000 sq.m was yet signed between the Commercial Property Investment Division and Latécoère. The off-plan lease agreement provides for a 12-year lease term with no break option, starting from the handover of the property in 2019.

Cumulative investments since January 1, 2017:

(in millions of euros)	Off-plan acquisitions	Projects under development	Other CAPEX	Other	Total
Offices	19.8	7.9	0.3	8.5	36.6
Business parks	0.0	2.7	5.7	2.0	10.3
OFFICES & BUSINESS PARKS	19.8	10.6	6.0	10.5	46.9
Other assets			0.2	0.1	0.3
COMMERCIAL PROPERTY INVESTMENT	19.8	10.6	6.2	10.6	47.2

Investments for the period amounted to €47.2 million (vs. €56.5 million as of March 31, 2016).

In Q1 2017, off-plan acquisitions represented €19.8 million. This amount is mainly related to the continuation of construction work on the Go Spring asset in Nanterre.

Investments in the development pipeline (€10.6 million) related primarily to the Origine project and to Défense 4/5/6.

Investments relating to the implementation of the *Coach Your Growth with Icade* programme amounted to €3.4 million in Q1.

Asset disposals:

In Q1 2017, Icade signed 3 preliminary agreements with its tenant LCL for the sale of the Seine (14,342 sq.m), Rhône (8,007 sq.m), and Garonne (20,652 sq.m) buildings, all situated in Villejuif, for a combined amount of €225 million (including transfer taxes). On April 12, the Seine building was sold for €73.2 million (including transfer taxes). The sale of the Rhône and Garonne buildings is expected to be completed in Q2/Q3 2017, subject to satisfaction of customary conditions precedent.

In addition, disposals of non-strategic assets totalled €8.7 million and generated a capital gain of €3.1 million.

2.2. Healthcare Property Investment

Rental income:

<i>(in millions of euros)</i>	03/31/2016	Acquisitions / completions	Disposals / redevelopments	Rent escalation	Leasing activity	03/31/2017	Change (%)	Like-for-like change (%)
GROSS RENTAL INCOME*	51.2	1.4	-	0.1		52.7	2.9%	0.2%

* Based on full consolidation

Rental income stood at €51.2 million in Q1 2017, an increase of 2.9% compared to March 31, 2016 (€52.7 million). On a like-for-like basis, the change was +0.2%.

Changes in scope of consolidation (acquisitions / completions) brought an additional €1.4 million to rental income this quarter.

Analysis of leasing activity on a like-for-like basis:

Asset class	Financial occupancy rate (in %)			Weighted average unexpired lease term (in years)	
	03/31/2017	12/31/2016	Like-for-like change*	03/31/2017	12/31/2016
HEALTHCARE PROPERTY INVESTMENT	100.0%	100.0%	+0.0 pp	7.9	8.2

* Excluding completions, acquisitions and disposals for the period

As of March 31, 2016, the financial occupancy rate remained unchanged at 100% compared to December 31, 2016.

The weighted average unexpired lease term was 7.9 years, slightly down compared with 2016 (-0.3 pp).

Cumulative investments since January 1:

(in millions of euros)	Projects under development	Other CAPEX	Other	Total
HEALTHCARE PROPERTY INVESTMENT*	37.5	0.3	0.3	38.1

* Based on full consolidation

Investments in the development pipeline increased significantly relative to the same period in 2016, to €38.1 million (vs. €19.3 million in Q1 2016). Development work relates primarily to the Courlancy in Bezannes (Marne) and Croix du Sud in Quint-Fonsegrives (Haute-Garonne) facilities.

In addition, at the beginning of April 2017, the Healthcare Property Investment Division purchased two healthcare facilities for €52.7 million (including duties):

- The Ormeau MSO polyclinic in Tarbes (Hautes-Pyrénées) from the Médipôle Partenaires group, for €43.0 million;
- The Helios disability care home in Saint-Germé (Gers) with the Clinipôle Group for €9.7 million.

Asset disposals:

In Q1 2017, the Healthcare Property Investment Division sold the Les Chênes polyclinic in Aire-sur-l'Adour to its new operator, the Clinifutur group, for €5.6 million (net price received by the seller), in line with the asset's appraised value.

3. PROPERTY DEVELOPMENT DIVISION

<i>(in millions of euros)</i>	03/31/2017			03/31/2016			Change
	IFRS	Reclassification of joint ventures	Total	IFRS	Reclassification of joint ventures	Total	
Residential Property Development	134.8	10.7	145.5	110.1	6.5	116.6	24.8%
Commercial Property Development	54.3	17.6	71.8	67.6	8.4	76.0	(5.5)%
REVENUE (a)	189.1	28.2	217.3	177.7	14.9	192.6	12.8%

(a) Revenue based on the percentage of completion method, taking into account the stage of completion of commercial and construction work of each project.

The economic revenue of the Property Development business reached €217.3 million, up 12.8% compared to Q1 2016 revenue, driven by **Residential Property Development revenue** of €145.5 million as of the end of March, a 24.8% rise on a year-on-year basis. An increase of the Residential Property Development revenue is expected in 2017.

In line with expectations, the revenue from **Commercial Property Development** dropped 5.5% in Q1 2017 to €71.8 million, as a result of the construction schedule for ongoing projects during this period. This decline should be somewhat offset over the financial year as whole, as revenue from this business activity is expected to go up in 2017.

	03/31/2017	03/31/2016	Change (%)	12/31/2016
Orders for new residential units and building plots				
Housing orders <i>(in number of units)</i> ¹	1,139	1,066	6.8%	5,665
Housing orders <i>(in millions of euros including taxes)</i>	233.0	211.3	10.3%	1,114.8
Residential – order cancellation rate <i>(in %)</i>	18%	14%	4.0%	14%
Average sale price and average floor area based on housing orders				
Average price including taxes per habitable sq.m <i>(in €/sq.m)</i>	3,704	3,597	3.0%	3,671
Average budget including taxes per housing unit <i>(in €k)</i>	206.0	200.0	3.0%	198.0
Average floor area per housing unit <i>(in sq.m)</i>	55.5	55.7	(0.4)%	54.0
Breakdown of housing orders by type of customers (in %)				
Home buyers	28.5%	28.0%	0.5%	20.9%
Private investors	45.0%	36.9%	8.1%	39.7%
Institutional investors	26.5%	35.1%	(8.6)%	39.4%
Property Development backlog and service order book				
Residential Property Development (incl. subdivisions)	1,087.4	866.0	25.6%	1,058.2
Commercial Property Development / Public and Healthcare Amenities Development	453.3	653.6	(30.6)%	509.1
Order book for Services & Project Management	33.6	26.3	27.8%	29.7
Support operations				

¹ "Units" means 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 during the preceding quarter.

3.1. Residential

Net orders for new residential units (and building plots) achieved by the Property Development Division in Q1 2017 reached 1,139 units, an increase of 6.8% in volume terms compared with the previous year. In value terms, potential revenues from housing orders were up 10.3%, due to the lower proportion of orders from professional property owners (for whom the unit sale price is lower).

As of the end of March 2017, institutional investors accounted for 26.5% of housing orders, down compared to the same period in 2016 (-8.6% vs Q1 2016), though this is not truly representative of business performance during the financial year as a whole (typical seasonal slowdown at the beginning of the year). This lower proportion of bulk housing orders explains an increased average price per sq.m at €3,704 including taxes (+3% vs Q1 2016).

On the other hand, the proportion of individual investors using the Pinel tax incentive scheme continues to predominate, as it represents 45% of total housing orders (+8.1% vs Q1 2016).

The backlog of the Residential Property Development business expanded by 25.6% compared to March 31, 2016 as housing orders grew.

The portfolio of residential land and building plots represented 11,253 units and a potential revenue including tax of €2.2 billion, i.e. +25% compared to Q1 2016 (8,623 units for €1.8 billion). This sharp increase reflects the acceleration in the development strategy implemented by the Property Development Division since the beginning of 2016.

3.2. Commercial

In Q1 2017, Icade's Property Development Division and BNP Paribas Diversipierre signed an off-plan sale agreement 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.

The project for a 1,940-seat multiplex cinema and a 499-space multi-storey car park located in Tours was sold in March 2017 to the Davoine group, the 4th cinema operator in France. This project is part of a mixed-use development with a total floor area 25,600 sq.m including housing units, offices and amenities.

At the beginning of February, the Property Development Division signed the deed of sale for 6,580 sq.m of warehouses and ancillary offices in Marseille, jointly developed with EIFFAGE on behalf of the company Alliance Healthcare Repartition.

As of the end of March 2017, the "Commercial/Offices" project portfolio represented 448,433 sq.m, including 174,694 sq.m in the execution phase and 273,739 sq.m in the development phase.

The portfolio of Public and Healthcare Amenities development projects represented 190,232 sq.m, including 90,904 sq.m in the execution phase and 99,328 sq.m in the development phase.

After high levels in 2016, the backlog for the Commercial Property Development / Public and Healthcare Amenities Development as of the end of March 2017 stood at €453.3 million (-30.6% compared to Q1 2016).

3.3. Partnership with Poste Immo

During the first quarter of 2017, Icade and Poste Immo signed a memorandum of understanding to create Arkadea, a full-fledged property development company.

This new company jointly owned with a leading partner is consistent with the growth strategy of Icade Promotion. The company will be equally owned by each entity. It aspires to be a nationwide residential and commercial property developer.

The proposed partnership is based on an equal and joint contribution of land or assets which are intended to be developed in order to create value.

In the long term, the joint venture should also grow autonomously through the acquisition of land and/or the completion of development projects.

The partnership should allow Icade to showcase its expertise as a property developer to a major real estate owner and step up the implementation of Icade Promotion's roadmap by growing its business in the coming years.

The final signing of these agreements is subject to satisfaction of several conditions precedent, including obtaining approval from the Competition Authority. This subsidiary is expected to be operational in the summer of 2017.

4. 2017 OUTLOOK

Icade confirms its target growth in Group net current cash flow of at least 4% compared to 2016.

The Board of Directors also confirmed that the dividend policy remains based on the evolution of net current cash flow per share.

Financial calendar

Half-year results: July 24, 2017, before the market opens

Q3 financial information: October 20, 2017, after the market closes

Investor day: November 27, 2017, before the market opens

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ABOUT ICADÉ

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 revenue 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.

CONTACTS

Guillaume Tessler,
Head of financial communication and
investor relations

+33 (0)1 41 57 71 61

guillaume.tessler@icade.fr

Charlotte Pajaud-Blanchard,
Press relations manager

+33 (0)1 41 57 71 19

[charlotte.pajaud-
blanchard@icade.fr](mailto:charlotte.pajaud-blanchard@icade.fr)