



PRESS RELEASE

Paris, October 20, 2016

Q3 2016 FINANCIAL INFORMATION

A STRATEGIC PLAN SUCCESSFULLY IMPLEMENTED:

- **Signing of a preliminary agreement to sell the Nanterre Seine business park**
- **Completion of the sale of Property Services activities**
- **Launch of Icade stock grant plans in order to align management interests with those of shareholders and to involve all employees in the company's performance**

A RISING BUSINESS PERFORMANCE INDICATORS:

- **Commercial Property Investment**
 - **Strong leasing activity during the quarter, with new leases signed for a total of 41,478 sq.m**
 - **Longer average remaining lease term, at 4.7 years (vs. 4.2 years as of December 31, 2015)**
 - **Increase in the financial occupancy rate to 88.2% (+1.4 pps compared to December 31, 2015)**
- **Healthcare Property Investment**
 - **Increased gross rental income (+27.6%)**
- **Property Development**
 - **Continued growth in the backlog (€1,620 million as of September 30, 2016, +7.1% compared to September 30, 2015)**
 - **Reservation volume up 35.8% for the Residential Property Development business**
 - **Revenue of the Commercial Property Development business up 22.3%**

2016 OUTLOOK CONFIRMED:

- **Target growth in net current cash flow of over 3%**

1. REVENUE AS OF SEPTEMBER 30, 2016

As of September 30, 2016, Icade's consolidated revenue stood at €993.3 million (-3.6% vs. September 30, 2015). The Property Investment Division (Commercial and Healthcare) posted a revenue of €437.2 million (+6.1% vs. September 30, 2015) while that of the Property Development Division was €561.1 million (-9.4% vs. September 30, 2015).

<i>(in millions of euros)</i>	09/30/2016	09/30/2015	Change (%)
Gross rental income from Commercial Property Investment	282.4	290.8	(2.9)%
Gross rental income from Healthcare Property Investment	154.8	121.4	27.6%
Property Development revenue	561.1	619.5	(9.4)%
Other	-5.0	-1.5	223.1%
CONSOLIDATED REVENUE	993.3	1,030.1	(3.6)%

NB: Since December 31, 2015, withdrawal from the Property Services activity has led the Group to present its financial statements in accordance with IFRS 5. As a result, the revenue from this business line is not included in the consolidated data presented herein.

2. COMMERCIAL PROPERTY INVESTMENT DIVISION: A SUSTAINED LEASING ACTIVITY THROUGHOUT THE QUARTER

Rental income:

<i>(in millions of euros)</i>	09/30/2015	Acquisitions/ completions	Disposals/ redevelopments	Rent indexation	Leasing activity	09/30/2016	Change (%)	Like-for-like change (%)
Offices	125.9	3.3	(8.6)	0.1	3.3	123.9	(1.5)%	3.0%
Business parks	156.3	3.6	(5.4)	0.2	(5.1)	149.6	(4.3)%	(3.5)%
OFFICES & BUSINESS PARKS	282.2	7.0	(14.1)	0.3	(1.8)	273.5	(3.1)%	(0.6)%
Other	8.6	-	-	0.0	0.3	8.9	3.3%	3.3%
GROSS RENTAL INCOME	290.8	7.0	(14.1)	0.3	(1.5)	282.4	(2.9)%	(0.5)%

Gross rental income from Commercial Property Investment stood at €282.4 million, implying a decline of 2.9% compared to September 30, 2015 (€290.8 million).

On a like-for-like basis, the decrease was -0.5%. The Office segment showed a 3.0% increase, thanks in particular to the positive impact of leasing activity in the EQHO Tower. In business parks, gross rental income dropped 3.5%.

Changes in scope of consolidation (including asset disposals) had a negative impact of -€7.1 million on gross rental income, resulting from:

- +€7.0 million from completions including €3.4 million from the completion of the Veolia building in July 2016 (fully leased) and €2.7 million due to the Monet building in Saint-Denis that was completed in 2015
- -€14.1 million from asset disposals and redevelopments, in particular the sale of the Millénaire 2 and Reflet Défense buildings, and redevelopments such as that of the Défense 4/5/6 buildings.

Analysis of leasing activity

	12/31/2015	Cumulative additions/exits until Sept. 30, 2016		09/30/2016	New leases signed* since Jan. 1		09/30/2016
	Leased floor area	Additions	Exits	Leased floor area	Impact in Q3 2016	Impact after Q3 2016	Total
Asset class	(sq.m)	(sq.m)	(sq.m)	(sq.m)	(sq.m)	(sq.m)	(sq.m)
Offices	494,161	32,245	14,051	512,355	11,174	12,210	23,384
Business parks	1,183,782	96,445	66,368	1,213,859	29,663	60,972	90,635
OFFICES & BUSINESS PARKS	1,677,943	128,690	80,419	1,726,214	40,837	73,182	114,019
Warehouses	64,119	3,411	1,966	65,564	-	-	-
COMMERCIAL PROPERTY INVESTMENT	1,742,062	132,101	82,385	1,791,778	40,837	73,182	114 019

*New leases signed since January 1, 2016

As of September 30, 2016, **new leases taking effect** represented 132,101 sq.m in year-to-date terms (including 75,436 sq.m during the quarter ended).

On a **like-for-like basis**, the main additions to the leased floor area represented 16,941 sq.m and mainly included the following:

- 3,600 sq.m leased to Corsair in the Oslo building (Orly-Rungis business park);
- 2,744 sq.m leased to Dimension Data France in the Séville building (Orly-Rungis business park);
- 1,475 sq.m leased to Aldi in the Rostand building (Paris Nord 2 business park);
- 954 sq.m leased to Pierre et Vacances in the PAT028 building (Pont de Flandre).

Concerning **acquisitions or completed properties**, the Commercial Property Investment Division recorded a positive balance of +60,802 sq.m, including +58,496 sq.m in Q3. The start of the lease for the Veolia building accounted for +44,908 sq.m and the acquisition of the Orsud building in Gentilly contributed an additional 13,588 sq.m.

Exits from the portfolio of leased space represented 82,385 sq.m for the Property Investment Division over 9M 2016, including 15,942 sq.m in Q3 (on a like-for-like basis). In the first 9 months of the year, exits due to asset disposals and redevelopments totalled 13,287 sq.m (Défense 1, Crystal Park, Maisons-Alfort...).

The **balance of additions to and exits from the portfolio of leased space in business parks** stood at +30,077 sq.m in Q3 (including the completion of the Veolia building), demonstrating that these assets are on a positive trend. It should be remembered that, as of the end of Q3 2015, the same indicator stood at -8,349 sq.m on a year-to-date basis.

Furthermore, the new leases signed since the beginning of the year which are not yet recognised as revenues in Q3 represent 73,182 sq.m, including 15 leases representing an aggregate floor area of 41,478 sq.m and €12 million in annualised headline rents.

The main leases signed were as follows:

- Millénaire 1 (Icade's current headquarters): 22,000 sq.m, 10-year lease that will start in April 2018
- EQHO Tower: 4,321 sq.m
- Défense 4/5/6: 4,400 sq.m leased to LA DIRECCTE 92

Over 9M 2016, 60 leases were renewed, representing an aggregate floor area of 86,260 sq.m and headline rents of €23.6 million (implying a 13.5% discount compared with previous rents). In year-to-date terms, the average remaining term to first break (or expiry) of these renewed leases stands at 8.5 years.

During the quarter ended, 15 leases were **renewed** for a total floor area of 14,944 sq.m and annualised headline rents of €2.7 million, implying an 11% discount compared to previous rents.

The most significant renewals were:

- The Mitsubishi lease in the Défense 2 building (3,661 sq.m)
- The Volvo leases in the Nielle building (3,023 sq.m)
- Renewal of 2,506 sq.m for the Sealed Air lease in the Rostand building, within the Paris Nord 2 business park.

The **financial occupancy rate** reached 88.2%, an increase of 0.5 pp compared to June 30, 2016. This improvement mainly results from:

- The start of the Veolia lease for its new headquarters located in the Millénaire business park (44,908 sq.m completed in July 2016 – €16.5 million in annual rent)
- The acquisition of the Orsud building in Gentilly (13,713 sq.m generating a headline rent of €3.0 million in full year)

Both properties are fully leased.

Asset class	Financial occupancy rate (in %) ⁽²⁾			Average remaining lease term (in years) ⁽²⁾	
	09/30/2016	12/31/2015	Like-for-like change ⁽¹⁾	09/30/2016	12/31/2015
Offices	93.7%	90.2%	+1.9 pps	6.3	5.7
Business parks	84.1%	84.1%	(1.3) pps	3.4	2.9
STRATEGIC ASSETS	88.2%	86.9%	(0.1) pp	4.7	4.2
Warehouses	83.0%	82.7%	+0.3 pp	1.4	1.7
COMMERCIAL PROPERTY INVESTMENT	88.2%	86.8%	(0.1) pp	4.7	4.2

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

(2) Based on proportionate consolidation.

Investments made during the period amounted to €204.2 million (vs. €144.9 million as of September 30, 2015), with continued investments in the committed development pipeline, including €74.6 million mainly invested in the Veolia building completed on July 18 and the Millénaire 4 completed on October 17 (both assets are in the Millénaire business park).

Furthermore, in early October, Icade entered into a preliminary agreement to acquire an office building in Issy-les-Moulineaux for around €140 million. This project, which follows the acquisition of the Orsud office building (€50 million) last July, confirms the new investment strategy pursued by Icade for its office property portfolio. These cash flow-generating investments complement the pipeline of projects under development.

As of September 30, 2016, **disposals** totalled €30.7 million on a year-to-date basis and included:

- Two non-strategic buildings: Reflet Défense (Nanterre-Préfecture) and an office building in Maisons-Alfort for a total sale price of €25 million,
- Forty-five residential units sold individually and a number of bulk sales (aggregate sale price of €5.7 million).

In early October, Icade entered into a preliminary sale agreement for its Nanterre Seine business park (excluding the Axe Seine building) and its Défense 3 office building in Nanterre, for a total of around €145 million. These two assets represent a leasable floor area of 84,000 sq.m. The final sale is expected to be completed by the end of 2016, subject to satisfaction of conditions precedent. This transaction is in line with the strategic roadmap announced in November last year.

3. HEALTHCARE PROPERTY INVESTMENT: A CONTINUED GROWTH OF REVENUES

Rental income:

<i>(in millions of euros)</i>	09/30/2015	Acquisitions/ completions	Disposals/ redevelopments	Rent indexation	Leasing activity	09/30/2016	Change (%)	Like-for-like change (%)
GROSS RENTAL INCOME	121.4	34.6	(1.3)	0.4	(0.2)	154.8	27.6%	0.2%

Gross rental income stood at €154.8 million, implying a 27.6% increase compared to September 30, 2015. This increase mainly reflects:

- +€34.6 million from the rental income from private hospitals acquired in 2015 and 2016 and, to a lesser extent, from the extension/redevelopment works in operating private hospitals,
- -€1.3 million from the sale of two private hospitals in 2015.

Analysis of leasing activity:

Asset class	Financial occupancy rate (in %) ⁽²⁾			Average remaining lease term (in years) ⁽²⁾	
	09/30/2016	12/31/2015	Like-for-like change ⁽¹⁾	09/30/2016	12/31/2015
HEALTHCARE PROPERTY INVESTMENT	100.0%	100.0%	+0.0 pp	8.1	8.8

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

(2) Based on proportionate consolidation

The financial and physical occupancy rates stood at 100% as of September 30, 2016, the same figure as on December 31, 2015.

Investments made since January 1 added up to €156.1 million. In Q3 2016, the Healthcare Property Investment Division continued to invest in its development pipeline (€48.5 million additional investments compared with June 30, 2016). It should be recalled that, in H1 2016, a portfolio of 4 healthcare facilities was purchased for €57 million.

4. PROPERTY DEVELOPMENT DIVISION: POSITIVE DYNAMIC FOR THE COMMERCIAL SEGMENT AND STRONG BUSINESS PERFORMANCE FOR THE RESIDENTIAL SEGMENT

(in millions of euros)	09/30/2016			09/30/2015			
	IFRS	Reclassification of joint ventures	Total	IFRS	Reclassification of joint ventures	Total	Change
Residential Property Development	392.0	20.7	412.7	459.9	32.2	492.1	(16.1%)
Commercial Property Development	169.1	34.9	204.0	159.6	7.3	166.8	22.3%
REVENUE (a)	561.1	55.6	616.7	619.5	39.5	658.9	(6.4%)

(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 revenue of the Property Development Division declined by 6.4% compared with September 30, 2015 and reached €616.7 million.

In Q3 2016, the revenue from **Residential Property Development** decreased by 16.1% to €412.7 million, due primarily to a higher proportion of projects at the construction start stage (compared to the previous year), which have a low impact on revenue. This was intensified by the strong contribution of the large-scale "Northeast Paris" project (19th district of Paris – Macdonald: 1,126 residential units) during the same period last year (€65 million recorded in Q3 2015).

The improvement in business indicators over 9M 2016 (land portfolio, backlog, reservations) will positively impact this division's 2017 and 2018 revenue.

The revenue from **Commercial Property Development** reached €204 million, benefiting from a +22.3% surge compared to Q3 2015. The ramp-up of the Nouméa Hospital and the Montpellier-Sud de France high-speed train (TGV) station, two of Icade's major projects, as well as the start of construction works in a large number of projects sold in 2015 and 2016, contributed greatly to the improvement in revenue recorded by this division in 2016.

4.1. Residential segment: business performance to remain on positive trend

Net reservations of new residential units and plots of building land achieved by the Property Development Division in Q3 2016 reached 3,487 reservations, an increase of 35.8% in volume terms compared with the previous year. In value terms, potential revenues from reservations were up 26.3%, thanks to the solid level of reservations from professional property owners (for whom the unit sale price is significantly lower).

As of the end of September 2016, institutional investors accounted for 28.8% of total reservations. A large number of bulk sales are due to be completed by the end of the financial year 2016.

On the other hand, the proportion of individual investors using the Pinel tax incentive scheme continues to predominate, as it represents 45.2% of total reservations.

Backlog

The backlog of the Residential Property Development Division expanded by 18% in 9M 2016 as reservations increased.

Land portfolio

The residential land and building plot portfolio represented 10,729 units for €2.2 billion, i.e. +42% compared to Q3 2015 (7,330 units for €1.5 billion). This sharp increase reflects the acceleration in the development strategy implemented by the Property Development Division since the beginning of 2016.

4.2. Commercial Property Development

The backlog of the “Commercial Property Development” and “Public and Healthcare Amenities Development” businesses remained near historical highs (€601.5 million) as of the end of September 2016, due to the large volume of contracts secured throughout 2015 and in H1 2016.

In July, Icade's Property Development Division and BNP Paribas Diversipierre signed a preliminary 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 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.

As of the end of September 2016, the Commercial/Offices project portfolio represented 530,588 sq.m, including projects in the execution phase for 177,629 sq.m and projects in the development phase for 352,959 sq.m.

The portfolio of Public and Healthcare Amenities development projects represents 188,908 sq.m, including 91,408 sq.m in the execution phase and 97,500 sq.m in the development phase.

In September, the Property Development Division completed the Physical and Rehabilitation Care Centre on the Heinlex site in Saint-Nazaire (9,118 sq.m).

5. OTHER EVENTS

■ Sale of Property Services activities

As part of the implementation of its strategic plan, in Q3 2016 Icade completed the disposal of all its Property Services operations:

- on July 22, 2016, the company iPorta was sold to the Visiativ group,
- on September 30, 2016, the companies Icade Asset Management and Icade Conseil were sold to the Colliers International Group while the company Icade Property Management was sold to the Foncia Group.

By divesting its Property Services division, Icade refocused on its core businesses as a property investment and property development company and strengthened its business model as an integrated real estate company.

■ Liability management

Following the bond issue made in the first half of the year (€750 million, 10-year, 1.75% bond), Icade prepaid €559 million in bank loans and concomitantly unwound swaps based on these loans, thereby lowering cost of debt and extending average debt maturity. Thanks to these prepayments inter alia, Icade has been able to optimise its short- and medium-term liquidity.

Additionally, and as part of a proactive approach to interest rate hedging permitting an improved cost of debt optimisation, swaps were unwound during the third quarter for a notional amount of €891.8 million and €250 million in new long-term swaps were taken out to make sure the company will keep benefiting from today's historically low interest rates in the long term.

Finally, new revolving credit lines were signed for a total of €225 million, strengthening the group's financial structure.

In September, Standard & Poor's affirmed Icade's short-term rating at A2 and long-term rating at BBB+.

Governance

Since the General Meeting of May 23, 2016 and the resignation of Ms Nathalie GILLY and appointment of Ms Céline SENMARTIN, Icade's Board of Directors has consisted of 15 members, including 7 appointed among candidates from CDC, 3 among candidates from Groupama and 5 independent directors.

The Board of Directors now 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 3 committees of the Board of Directors are now composed as follows:

- **Audit, Risks and Sustainable Development Committee:**
 - Georges RALLI, committee chairman, independent director
 - Marie-Christine LAMBERT, independent director
 - Frédéric THOMAS, independent director
 - Cécile DAUBIGNARD
 - Olivier MAREUSE
- **Appointments and Remuneration Committee:**
 - Franck SILVENT, committee chairman
 - Florence PERONNAU, independent director
 - Georges RALLI, independent director
 - Frédéric THOMAS, independent director
 - Benoît MAES
- **Strategy and Investment Committee:**
 - André MARTINEZ, committee chairman, independent director
 - Florence PERONNAU, independent director
 - Céline SCEMAMA
 - Eric DONNET
 - Jean-Paul FAUGÈRE

Icade's headquarters to be relocated in the summer of 2017

In the summer of 2017, Icade will move its headquarters from the Millénaire 1 building to one of its office properties, namely the 9,500-sq.m Open building in Issy-les-Moulineaux. It was acquired in 1999 and is currently under redevelopment. These works will be completed at the end of October 2016.

Icade will convert its new headquarters into a collaborative and open platform dedicated to its clients and stakeholders. This positive environment will support innovation, collaboration and corporate social responsibility.

Icade stock grant plans

Icade announces the launch of two stock grant plans to employees.

It is a component of the strategic plan announced in November 2015, which aims to strengthen the alignment of management with shareholders and to involve all employees in the company's performance.

These plans, which would last 3 or 4 years, are subject to conditions of presence and or performance.

6. OUTLOOK

Icade confirms its target growth in net current cash flow of over 3% for 2016. The dividend policy continues to be based on the trend in net current cash flow.

Financial calendar

Investor day: Monday, November 28, 2016

Annual results: Monday, February 13, 2017, before the market opens

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ABOUT ICADÉ

As a French listed real estate investment company (SIIC) belonging to the Caisse des Dépôts Group, Icade is a major player in Greater Paris and territorial development. Icade is a key integrated property player able to provide comprehensive, sustainable and innovative solutions that are tailored to customer needs and to the challenges of tomorrow's cities. As at June 30, 2016, it recorded EPRA Earnings of €136.1 million, a net current cash flow of €145.9 million, and an EPRA triple net asset value (NNNAV) of €5,473.6 million, i.e. €74.2 per share.

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

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APPENDICES

Commercial Property Investment

Year-to-date investment volumes

<i>(in millions of euros)</i>	Acquisitions	Constructions/ Redevelopments	Other Capex	Other	Total
Offices	49.5	40.5	9.3	7.1	106.5
Business parks	0.0	74.8	13.9	7.7	96.5
OFFICES & BUSINESS PARKS	49.5	115.4	23.2	14.8	202.9
Other assets	0.0	0.0	1.2	0.0	1.2
COMMERCIAL PROPERTY INVESTMENT	49.5	115.4	24.4	14.9	204.2

Healthcare Property Investment

Year-to-date investment volumes

<i>(in millions of euros)</i>	Acquisitions	Constructions/ Redevelopments	Other Capex	Other	Total
HEALTHCARE PROPERTY INVESTMENT	60.7	94.4	0.3	0.7	156.1

Property Development

Business performance indicators

	09/30/2016	09/30/2015 restated	Change (%)	12/31/2015
Reservations of new residential units and plots of building land				
Reservations of new residential units and plots of building land <i>(in units)</i> ¹	3,487	2,568	35.8%	3,999
Reservations of new residential units and plots of building land <i>(in millions of euros, including taxes)</i>	707.5	560.0	26.3%	839.3
Residential – cancellation rate <i>(in %)</i>	16%	21%		23%
Average sale price and average floor area based on reservations				
Average price including taxes per habitable sq.m <i>(in €/sq.m)</i>	3,752	3,856	(2.7)%	3,641
Average budget including taxes per residential unit <i>(in thousands of euros)</i>	205.0	218.0	(6.0)%	210.0
Average floor area per residential unit <i>(in sq.m)</i>	55.0	56.0	(1.8)%	57.6
Breakdown of reservations by type of customer (in %)				
Home buyers	26.0%	30.6%		25.8%
Private investors	45.2%	46.4%		42.6%
Institutional investors	28.8%	23.0%		31.6%
Property development backlog and service order book	1,620.0	1,512.8	7.1%	1,508.4
Residential Property Development (incl. subdivisions)	984.4	813.0	21.1%	834.1
Commercial Property Development / Public and Healthcare Amenities Development	601.5	667.1	(9.8)%	646.2
Order book for Services & Project Owner Assistance operations	34.1	32.7	4.3%	28.1

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, shop, office) by the average floor area of residential units calculated during the preceding quarter.