



Foncière-développeur

Press Release
Paris, 24 October, 2012

3rd quarter 2012 activity

The Property Investment Division's turnover rose 10% as at 30 September 2012 compared with 30 September 2011, while the Property Development division's turnover was down 11%. Consolidated turnover as at 30 September was down 5% to 1,016 million euros.

PROPERTY INVESTMENT DIVISION

- Rise of 12% in the Commercial Property Investment division's turnover as a result of acquisitions in 2011 and lettings agreed at the end of 2011 and the start of 2012;
- Letting of 75% of leasable surface areas in the PB5 tower (17,200m²) mostly to two CAC 40 companies, effective from 1 January 2013, i.e. immediately following the departure of the current tenant at the end of 2012;
- Completion of the letting of the H₂O building (5,300m²) in Rueil Malmaison
- Signing in August 2012 of an undertaking to sell in relation to a 8,400m² office building at 7-9 Avenue de Messine in the 8th arrondissement of Paris. The sale of this property is expected to take place in December 2012;
- Acquisition by Icade Santé of three clinics in the Montpellier region from the Clinipole Group, in October 2012, for 52 millions euros;
- Continuation of Icade Santé's growth, with approximately 260 million euros of acquisitions and a new capital increase planned in the 4th quarter.

PROPERTY DEVELOPMENT DIVISION

- Given the more demanding pre-letting policy, a 15% decrease in the number of new lots developed compared with the 3rd quarter of 2011 and a 12% fall in the Property Development business's turnover, despite an increase of more than 2% in reservations;
- A 7% fall in turnover for the Commercial Property Development business, particularly due to delivery of the university hospital in Saint-Nazaire during the 1st quarter of 2012. Nevertheless, the launch of the "Pushed Slab" development in the Rungis Zac in Paris (13th) and "Urbagreen" in Joinville resulted in a 30% increase in turnover between the 2nd and 3rd quarter 2012;
- An increase of 11% in the Property Development business's backlog (1,139 million euros) compared with 31 December 2011 and a decrease of 13% (679 million euros) in the Commercial Property Development business's backlog following the launch in 2012 of developments marketed in the 2nd half of 2011.

SERVICES DIVISION

- Given the low level of transactions over the quarter, the Services business recorded a 3% decrease in turnover on a like-for-like basis. The business disposals carried out in 2011 and early 2012 have led to an overall fall of 40% in the Services division's turnover.



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CONSOLIDATED TURNOVER

As at 30 September 2012, Icade's consolidated turnover fell by 4.7% to 1,015.7 million euros compared with 1,065.8 million euros as at 30 September 2011.

Turnover (in millions of euros)	30/09/2012	30/09/2011 restated	Reclassifications (**)	30/09/2011	Change in %
Property Investment	296.3	269.1	0.1	269.0	+10.1%
Property Development	700.0	785.5		785.5	(10.9)%
Property Services	46.5	77.6	(0.5)	78.1	(40.0)%
Other (*)	(27.1)	(66.3)	0.4	(66.8)	
ICADE TOTAL	1,015.7	1,065.8	0.0	1,065.8	(4.7)%

* The "Other" activities consist of what Icade Group calls its "head office" charges and eliminations of Icade's intra-group transactions.

** Reclassifications relate to the sale on 1 January 2012 of Icade Immobiliaria by the Services business to the Property Investment business.

PROPERTY INVESTMENT DIVISION

As at 30 September 2012, turnover for the Property Investment division was up 10% to 296.3 million euros compared with 269.1 million euros for the same period in 2011.

Turnover	30/09/2012		30/09/2011 (restated)		Change in %
	meuros	contribution	m euros	contribution	
Commercial Property Investment	280.0	95%	249.3	93%	+12.3%
Residential Property Investment	16.3	5%	19.8	7%	(17.3)%
PROPERTY INVESTMENT DIVISION TOTAL	296.3	100%	269.1	100%	+10.1%

Commercial Property Investment

1. Turnover and rental income

Turnover for the Commercial Property Investment division was 280 million euros as at 30 September 2012, an increase of 12.3% compared with 30 September 2011. This increase not only a result of the effect on the year as a whole of acquisitions made in the 2nd half of 2011, but also of lettings (Link, H₂O, Factory, etc.) and deliveries (Villejuif, Millénaires 5 & 6 and Le Millénaire shopping centre) completed in 2011 and early 2012 and, to a lesser extent, the effect of rent indexing.



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Turnover (in millions of euros)	30/09/2012	30/09/2011 restated	Reclassifications (*)	30/09/2011	Change in %	Change on a like for-like basis
Offices in France (*)	95.6	89.9	15.9	74.0	+6.4%	+5.2%
Business parks	71.1	71.9	0.6	71.3	(1.2)%	(2.7)%
Shops and shopping centres	18.8	15.9		15.9	+18.5%	+3.4%
Healthcare (*)	66.0	42.9	(15.5)	58.4	+53.8%	+2.7%
Warehouses	16.9	17.3		17.3	(2.4)%	(1.2)%
Offices in Germany	12.0	12.3		12.3	(2.2)%	(2.4)%
Investment intra- group businesses	(0.4)	(0.9)	(0.9)	0.0		
COMMERCIAL PROPERTY INVESTMENT	280.0	249.3	0.1	249.2	+12.3%	+1.6%

(*) Sale of Healthcare business assets on 1 January 2012 not owned by Icade Santé (mainly the Levallois building leased to the Ministry of the Interior) to the Offices France business. The Healthcare business now therefore only includes the assets owned by Icade Santé (of which 69% are owned by Icade). Transfer on 1 January 2012 of Icade Immobiliaria from the Services division to the Property Investment division.

Rental income is up 30.7 million euros on a like-for-like basis compared with 30 September 2011.

Rental Income (in millions of euros)	30/09/2011	Reclassifications (*)	30/09/2011 restated	Acquisitions	Disposals	Indexing	Rental Business	30/09/2012
Offices in France	73.3	15.2	88.5	5.8	(4.5)	1.8	2.9	94.4
Business parks	71.5	0.6	72.1	1.0		2.2	(4.2)	71.1
Shops and shopping centres	15.9		15.9	2.4		0.5	0.1	18.8
Healthcare	57.9	(15.2)	42.7	22.1		1.5	(0.4)	66.0
Warehouses	17.3		17.3		(0.2)	0.1	(0.3)	16.9
Offices in Germany	12.3		12.3			0.1	(0.4)	12.0
Investment intra- group businesses		(0.6)	(0.6)				0.3	(0.3)
Rental Income	248.2		248.2	31.4	(4.7)	6.1	(2.1)	278.9
Other turnover	1.0	0.1	1.1					1.1
Turnover	249.2	0.1	249.3	31.4	(4.7)	6.1	(2.1)	280.0

(*) Sale of Healthcare business assets on 1st January 2012 not owned by Icade Santé (mainly the Levallois building leased to the Ministry of the Interior) to the Offices France business. The Healthcare business now therefore only includes the assets owned by Icade Santé (of which 69% are owned by Icade). Transfer on 1 January 2012 of Icade Immobiliaria from the Services division to the Property Investment division.

Acquisitions and deliveries of assets generated an additional 31.4 million euros in income compared with September 2011. This can basically be broken down as follows:

- Rental income related to the delivery of assets came to 9.2 million euros. This essentially concerns two office properties located in Villejuif (5.8 million euros) and the Le Millénaire shopping centre and offices in Aubervilliers, opened in April 2011 (3.3 million euros, pro rata for Icade);
- Rental income relating to assets acquired in 2011 and 2012 amounted to 22.1 million euros. This corresponded to 13 clinics acquired since September 2011.

Loss of rents due to asset sales in 2011 amount to 4.7 million euros and mainly relate to the disposals in July 2011 of the Atrium building in Paris (3 million euros) and a business portfolio (1.5 million euros) at the end of 2011.

Rental business (renting, re-rentals, renewals and departures) generated a fall of 2.1 million euros in income, mainly explained by the following factors:

- An increase of 2.9 million euros from lettings agreed in the second half of 2011 and early 2012 for the Link, H₂O and Factory office buildings;
- A fall of 4.2 million euros for Business Parks due to:
 - 0.9 million euros for exceptional index-linking on the construction lease for the land for the Le Millénaire shopping centre in April 2011;
 - 0.8 million euros for non-recurring rental adjustments over previous years;
 - 1.0 million euros for lease renewals, including rent reductions in return for extensions to their residual terms;
 - 1.4 million euros for settlements with tenants;
 - 0.1 million euros for the net impact from tenants leaving and new tenants arriving over the period.
- A fall of 0.2 million euros in the Warehouse business. Resulting from tenants leaving (Rognac and Longvic sites).

2. Rental Business

Classes of assets	Leasable Surface Area (m ²)	Leased Surface Area (m ²)	Financial occupancy rate	Index-linked IFRS Rental Income (in millions of euros)	Fixed lease residual duration (years)
Offices in France	334,990	310,787	93.9%	123.2	5.2
Business parks	484,916	434,703	88.1%	93.5	4.0
Parc du Mauvin	16,305	15,148	97.8%	2.0	1.8
Parc du Millénaire	66,822	64,327	96.6%	21.0	3.4
Parc du Pont de Flandre	90,513	73,251	79.7%	22.2	5.6
Parc des Portes de Paris Aubervilliers	238,372	216,105	88.6%	36.9	3.2
Parc des Portes de Paris Saint Denis	66,401	60,428	89.9%	10.1	5.1
Quartier du Canal	6,503	5,444	85.4%	1.3	1.0
Shops and Shopping Centres	211,333	208,491	96.5%	24.4	4.9
Shopping centres	53,469	50,627	94.4%	14.6	2.1
Mr. Bricolage stores	157,864	157,864	100.0%	9.7	9.1
Healthcare	595,789	595,789	100.0%	91.2	9.1
Warehouses	567,221	510,483	90.2%	21.7	5.1
Offices in Germany	120,520	103,293	90.2%	16.0	6.6
COMMERCIAL PROPERTY INVESTMENT	2,314,768	2,163,546	93.5%	369.9	5.9

As at 30 September 2012, the financial occupancy rate is 93.5%, down from 31 December 2011 following the delivery in early 2012 of the Le Beauvaisis building in the Parc du Pont de Flandre (Paris 19th). The rental potential of this asset is 1% of the IFRS rentals of the Commercial Property Investment Division.

New Signings

Since the start of 2012, Icade has recorded the signing of **44 new leases** relating to 45,500m² and representing 9.4 million euros in annualised rent.

The agreements signed during the 3rd quarter of 2012 mainly related to:

- Letting of the remaining vacant surface areas in the **H₂O building** in Rueil Malmaison (Hauts-de-Seine) with Géostock (2,750m² - start date **1 January 2013**) and Kia Motors France (2,600m² - start date **1 December 2012**);
- Letting of 75% of the leasable surface areas in the **PB5 tower** (17,200m² out of 22,800m² of leasable surface area) effective from 1 January 2013, i.e. immediately following the departure of the current tenant at the end of 2012. These negotiations have made it possible to secure 6.5 million euros in rent with an average term of three years.

Renewals

Icade has continued with its rental policy of offering its key tenants renewal of their leases in order to secure sustained cash flows. This asset management led to the signing of **12 leases** relating to 27,200m² for an average fixed term of seven years.

Departing Tenants

As at 30 September 2012, departures corresponded to **59 leases** (45,000m²) and a 7.6 million euros loss in annualised rent. The most significant departure is the tenant Deutsche Post AG (5,000m²) from the Hohenzollerndamm building in Berlin. These departures have had an impact of 0.5 million euros on rental income.

In 2012, Icade will also, as expected, see the departure of its sole tenant of the PB5 tower (28,500m² in La Défense). As at 30 September 2012, 17,200 m² of the building's surface areas have been re-let to two CAC40 companies, i.e. 75% of leasable surface areas.

On 1 January 2013, Icade will neutralise three floors of the building (approximately 5,800m²) in order to carry out renovation work in phases, due to be completed at the end of 2014. The net loss in rental revenue, before re-letting of vacant surface areas (5,500m²) and surface areas neutralised for works, represents 4.5 million euros.

Lease Expirations by Business

As at 30 September 2012, the **average fixed term of leases** stood at 5.9 years, compared with 6.2 years at 31 December 2011.

Rental Position - Risk of Rent Revisions

The potential risk of a return to market rental values in respect of article L145.39 of the French Commercial Code is approximately 2.4 million euros, representing a risk of a potential loss of rent of around 0.6% of rents for the entire Commercial Property Investment division.

3. Investments

Icade has continued to add value to its assets in order to increase the generation of cash flows. **Total investments** amounted to 188.5 million euros in the first nine months of the year.

Assets (in millions of euros)	Total	Asset acquisitions	Asset refurbishments	Constructions Extensions	Renovation Major maintenance
Offices in France	100.0	0.0	84.8	4.4	10.9
Business parks	43.2	0.0	3.0	19.1	21.0
Shops and Shopping centres	0.8	0.0	0.0	0.0	0.8
Healthcare	38.3	1.4	0.0	36.9	0.0
Warehouses	2.3	0.0	0.0	0.0	2.3
Offices in Germany	3.9	0.0	0.0	0.0	3.9
COMMERCIAL PROPERTY INVESTMENT	188.5	1.4	87.8	60.3	39.0

The largest investment is the restructuring of the EQHO tower, for an amount of 84.8 million euros, with delivery due in mid-2013.

On 5 October 2012, Icade Santé completed the purchase of a portfolio of three healthcare institutions for a total of €52 million, incl. fees. These institutions are subject to 12-year fixed-term leases signed with the operator CLINIPOLE, a major private healthcare player in the Languedoc Roussillon region, operating seven institutions. This acquisition has allowed Icade to expand its range of operators and post the largest clinic portfolio with a value of more than 1.4 billion euros.

In order to sustain this dynamic growth, preliminary contracts have been signed for more than 263 million euros of further acquisitions, due to be completed before the end of 2012. These will be partly financed by a new capital increase with institutional investors, as an extension of the transaction carried out in the first half of 2012.

4. Arbitrage

Disposals totalled 25.3 million euros in the 3rd quarter of 2012:

These included:

- the sale at the start of July 2012 of a warehouse in La Farlède (31,000m²), near Toulon, for 7.4 million euros;
- the sale at the end of July 2012 of a retail outlet in Macôn (Saône-et-Loire), with a surface area of approximately 1,000m² for 1.0 million euros;

On 1 October 2012, jointly-owned properties in Neuilly-sur-Seine (Hauts-de-Seine) with a surface area of 2,000m² were sold for 16.9 million euros.

During the 3rd quarter of 2012, Icade agreed undertakings to sell for several jointly-owned office properties. The majority of final completion deeds will be signed in the last quarter of 2012. The planned sales represent a total amount of approximately 30 million euros.



Finally, in August 2012 Icade signed a bilateral undertaking to sell an 8,400m² office building at 7-9 Avenue de Messine in the 8th arrondissement of Paris. Final completion of the sale is expected to take place in December 2012.

Residential Property Investment Division

During the 3rd quarter of 2012, Icade continued the residential property disposal process with the sale of 21 individual housing units for 2.7 million euros.

The assets of the Residential Property division stood at 4,258 lots as at 30 September 2012 compared with 4,847 lots as at 30 September 2011 - a decrease of 589 lots.

PROPERTY DEVELOPMENT DIVISION

The Property Development division recorded turnover of 700 million euros as at 30 September 2012, a fall of 10.9% compared with 30 September 2011.

Turnover in millions of euros	30/09/2012	30/09/2011 restated	Reclassifications	30/09/2011	Change in %
Residential Property Development	454.4	517.9		517.9	(12.3)%
Commercial Property Development	251.7	272.0	(0.5)	272.5	(7.5)%
PNE Development	12.7	0.5	0.5	0.0	N/A
Inter-business Development	(18.8)	(4.9)		(4.9)	N/A
PROPERTY DEVELOPMENT DIVISION TOTAL	700.0	785.5	0.0	785.5	(10.9)%

Residential Property Development

Main indicators	30/09/2012	30/09/2011	Change in %
Reservations			
. in numbers (housing units and lots)	3,378	3,302	+2.3%
. in value (millions of euros)	631.3	652.3	(3.2)%
Closed sales			
. in numbers (housing units and lots)	1,817	2,374	(23.5)%
. in value (millions of euros)	381.5	434.1	(12.1)%
Unsold properties			
. in numbers (housing units and lots)	58	69	(15.9)%
. in value (millions of euros)	10.8	10.6	+1.9%
Withdrawal rate	17%	18%	
Disposal rate	7.32%	10.00%	
Property portfolio			
. in numbers (housing units and lots)	6,857	8,639	(20.6)%
. in projected value (millions of euros)	1,525	1,678	

During the first half of 2012, sales of new housing in France fell by around 27% compared with the same period in 2011. This trend appears to be continuing in the second half of 2012. The reasons for this slowdown are the same as those which impacted the market in new properties in the first half of 2012 (economic context, unfavourable tax changes, etc.).

In this context, turnover from the Residential Property Development business stood at 454.4 million euros as at 30 September 2012, down 12.3% compared with 30 September 2011.

This change can mainly be explained by the fall in the number of new lots developed compared with the 3rd quarter of 2011 which is the result of a more prudent policy in relation to the launch of new developments, with a higher minimum pre-letting rate. Icade has therefore confirmed its selective policy of preserving its margins rather than its turnover.

The performance of the Residential Property Development division in terms of reservations is better than across the sector as a whole, considering the smaller proportion of investor-purchasers in its customer portfolio. As at 30 September 2012, reservations stood at 3,378 lots (1,478 of which, approximately 44%, were reserved in block by institutional investors) for turnover of 631.3 million euros, compared with 3,302 lots for 652.3 million euros as at 30 September 2011, or an increase of 2.3% in number and a fall of 3.2% in amount.

This change can be explained by the increase in block reservations during the 2012 financial year compared with 2011: institutional investors represent 40.1% of total reservations in 2012 compared with 32.2% as at 31 December 2011. The diversity of its customer portfolio allows Icade to be less dependent on tax schemes reserved for private investors.

The backlog for the Residential Property business is up 32.8% compared with 30 September 2011 and stood at 1,138.8 million euros at 30 September 2012. This is an increase of 10.8% compared with 31 December 2011.

Commercial Property Development (offices, shopping centres, public/healthcare and engineering)

Turnover from the Commercial Property Development business (offices, shopping centres and public-healthcare and engineering) amounted to 251.7 million euros as at 30 September 2012, a rise of 7.5% compared with 30 September 2011.

This reduction can be explained by the end of development and delivery of the university hospital in Saint-Nazaire in February 2012; partly compensated by the launch of new office development projects (Pyrénées in Paris's 20th arrondissement, Rue des Canadiens in Joinville and Landy in Saint-Denis).

As at 30 September 2012, Icade had a 843,029m² project portfolio in the Commercial and Retail Property sector, consisting of 300,147m² of projects underway and 542,882m² of projects at the initial development stage.

As at 30 September 2012, Icade's project portfolio in the "Public and Healthcare Development sector", consisted of 246,217m², with 131,528m² of projects underway (including 23,000m² as PPP) and 114,689m² of projects at the initial development stage.

The "Commercial Property Development" backlog increased 19.6% compared with 30 September 2011, to stand at 679.4 million euros. This increase mainly relates to off-plan sales agreed in the 2nd half of 2011 with leading institutional investors and/or users, for instance the Pushed Slab buildings in Paris 13th, the Landy development in Saint-Denis and the Pyrénées development in Paris 20th; as well as developments signed in 2012 - Viviani in Nantes, Site de Loire (residential home for the elderly) in Tours and the Ilôt Calvin offices in Orléans. These developments are in addition to those secured last year, including Nexans in Lyons (25,157m² net floor area sold off-plan to CM Arkéa) or "Prélude" in Bordeaux (9347m² net floor area sold off-plan to UFG) of the PNE project's office complex in PARIS 19th (27,624m²) and the Joinville "Urbagreen" project (18,950m² signed in January 2012. The backlog is down 12.9% compared with 31 December 2011.

PNE Development:

Development turnover from the PNE (Paris Nord Est) project stood at 12.7 million euros at 30 September 2012 - a sharp increase compared with 30 September 2011 (0.5 million euros). This change reflects the first sales of plots of land to developers.



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SERVICES DIVISION

Turnover (millions of euros)	30/09/2012	30/09/2011	Reclassifications	30/09/2011	Change in %
Services in France	46.5	71.6		71.6	(35.0)%
Property Management	24.9	25.7		25.7	(3.1)%
Consultancy and Solutions	14.7	15.3		15.3	(4.0)%
Inter-business services	(0.3)	(0.3)		(0.3)	(10.5)%
Serviced Residences	7.3	30.9		30.9	(76.5)%
International Services	0.0	6.0	(0.5)	6.5	(100.0)%
PROPERTY SERVICES DIVISION TOTAL	46.5	77.6	(0.5)	78.1	(40.0)%

Revenues from the Services division reached 46.5 million euros as at 30 September 2012 compared with 77.6 million euros as at 30 September 2011. This change is mainly related to the effects of change in the scope. In fact, the sale in 2011 of the Spanish subsidiary specialising in the management of student residences and more recently, in 2012, of Icade Résidences Services has led to a loss in revenues of 29.7 million euros.

On a like-for-like basis, the revenue represents 39.3 million euros as at 30 September 2012, down 3.4% compared with 30 September 2011.

This change is due to:

- a fall in income from the consultancy business, following a reduction in commissions for successful transactions compared with 2011.
- a fall in turnover from the Property Management business compared with 30 September 2011, mainly due to rationalisation of the management mandate portfolio.

Assets managed in France as at 30 September 2012:

2,490,000m² as the manager;

1,416,000m² as the managing agent;

725,000m² as the controller;

15,300 accommodation units managed for institutional owners.

INTRA-GROUP ELIMINATIONS

Intra-group eliminations amounted to 31.0 million euros as at 30 September 2012, compared with 66.9 million euros as at 30 September 2011.

As at 30 September 2012, 12.2 million euros related to operations carried out by the Property Development division for the Property Investment division (compared with 49.9 million euros at 30 September 2011). This figure corresponds mainly to the buildings in Villejuif intended for LCL, the fifth and last of which was delivered in March 2012.

NOTE ON THE FINANCING POLICY

Even though it has no short-term needs, Icade wanted to strengthen its prudent approach to managing its financial resources, with the aims of proactively managing its schedule and strengthening its leeway. This approach has led the company to forecast all the combined needs of Icade and Silic, by signing, in July 2012, with a pool of seven banks, new block funding of 1,550 million euros divided into three tranches:

- A Medium Term Credit Line for 625 million euros with a maturity of 5 years, to allow Icade to cover the combined medium-term needs of Icade and Silic. For this purpose, Icade has granted Silic two financing streams for a total in principal amount of 400 million euros;
- A Revolving Credit Facility in the sum of 550 million euros with a maturity of three years, to allow Icade to strengthen its financial structure by increasing its available credit lines;
- A Forward Start Credit Line for 375 million euros, to allow Icade to forecast the refinancing of a portion of the maturity of its syndicated loan of 900 million euros in July 2014.

This financing structure - which anticipates the profile of the future combined entity by preparing for integration of Silic's balance sheet - enables Icade to smooth its debt maturity, whilst extending the average maturity of its debt, and to strengthen its financial structure by increasing its total back-up credit lines.

Icade confirms a healthy and liquid situation in terms of liabilities and as at 30 September 2012 has non-drawn backup lines of 960 million euros.



UPCOMING

Annual results 2012: 21 February 2013

ABOUT ICADE

Icade is a listed real estate company, a subsidiary of Caisse des Dépôts: an investor, developer and service provider in private and public property. Expertise in its different business lines enables Icade to provide comprehensive, sustainable and innovative solutions that are tailored to customer needs.

In 2011, Icade posted consolidated revenue of €1,492 billion with a net current cash flow of €223 million. At 30 June 2012, its EPRA triple net asset value was €4,189 billion or €80.8 per share.

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CONTACTS

Nathalie Palladitcheff

Member of the executive committee, in charge of finance, legal matters and IT, and for the property services division

+33 (0)1 41 57 72 60

nathalie.palladitcheff@icade.fr

Nicolas Dutreuil

Head of Corporate and Financing, in charge of Investors' Relations

+33 (0) 1 41 57 71 50

nicolas.dutreuil@icade.fr