



Press release  
Paris, 13<sup>th</sup> May 2009

**Property investment activity turnover holds up well at 31<sup>st</sup> March 2009 (+7.4%)  
Icade turnover down 7.5% due to the expected decline in property development  
business**

At 31<sup>st</sup> March 2009, Icade recorded consolidated turnover of 332.7 million euros, down 7.5% compared to 31<sup>st</sup> March 2008 (359.6 million euros). The solidity of the property investment business (turnover up 7.4%) partly compensated the fall in property development turnover (down 5.7%) and the sharp rise in intra-group eliminations, a consequence of the growing strength of the developer-REIT model.

Turnover in millions of euros	31/03/2009	31/03/2008	Change
Property investment	106.4	99.1	+7.4%
Property development	226.0	239.7	-5.7%
Property services	45.7	48.8	-6.4%
Intra-group eliminations	-45.4	-28.0	
<b>TOTAL</b>	<b>332.7</b>	<b>359.6</b>	<b>-7.5%</b>

**PROPERTY INVESTMENT**

Turnover from the property investment division rose 7.4% in the first quarter of 2009, 6% of which on a like-for-like basis. Turnover from commercial property investment (offices, business parks, public and healthcare amenities, shops and shopping centres) reached 60.4 million euros at 31<sup>st</sup> March 2009, that is an increase of 22% compared to 31<sup>st</sup> March 2008, reflecting the strategy to expand commercial property investment which was implemented two years ago. In parallel, turnover from residential property investment fell by 7.1% due to disposals made. Consequently, turnover from commercial property investment now accounts for 57% of turnover from the property investment division compared with 50% in the first quarter of 2008. It is the fruit of a strategy implemented by Icade which consists in extracting capital gains from the residential housing portfolio and using these resources to acquire immediate and antidilutive cash flows.

	Turnover in millions of euros	31/03/2009	31/03/2008	Change
<b><u>Commercial Property Investment</u></b>		60.4	49.6	+21.7%
	Offices	16.3	16.7	-2.4%
	SIICInvest	2.7	2.4	+12.5%
	Offices in Germany	4.1	3.7	+10.8%
	Business parks	21.8	19.4	+12.4%
	Public & healthcare amenities	13.5	5.4	+150.0%
	Shops and shopping centres	2.0	2.0	
<b><u>Housing Property Investment</u></b>		46.0	49.5	-7.1%
	<b>TOTAL</b>	<b>106.4</b>	<b>99.0</b>	<b>+7.4%</b>



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### **Commercial Property Investment Division – Offices Business in France**

At 31<sup>st</sup> March 2009, turnover from the office business in France stood at 16.3 million euros compared to 16.7 million euros at 31<sup>st</sup> March 2008, representing a reduction of 2.4%, 9.3% of which on a like-for-like basis.

This change is the consequence of the scheduled departure of the tenant Esso from the H2O building in April 2008 (1.8 million euros lost in rent) and the disposal of the building at 31-33 rue de Mogador in Paris in November 2008 (0.6 million euros lost in rent). These effects were compensated by the impact of indexation (+1.2 million euros), the re-letting in February 2008 of the building on avenue Morizet in Boulogne-Billancourt (+0.1 million euros), the acquisition in September 2008 of the building at 31 avenue des Champs Elysées (+0.3 million euros) and the servicing and marketing in November 2008 of the first building for LCL in Villejuif (+0.5 million euros).

The rented floor space represented 153,106 m<sup>2</sup> of premises (compared to 164,224 m<sup>2</sup> at 31<sup>st</sup> March 2008), giving a 98.4% financial occupancy rate at 31<sup>st</sup> March 2009 (compared to 99.5% at 31<sup>st</sup> March 2008). At 31<sup>st</sup> March 2009, the average rent reached €421 per m<sup>2</sup>.

In April 2009, UBS renewed the lease on 69 boulevard Haussman (some 5,300 m<sup>2</sup>) for a fixed term of 6 years.

In this market context, Icade has adopted a selective strategy for its investments. As scheduled on its acquisition, renovation works began on the office building H2O, situated in Rueil-Malmaison (22,500 m<sup>2</sup>). The works should amount to 36.6 million euros, for delivery in the third quarter of 2009.

### **Commercial Property Investment Division - SIICInvest**

At 31<sup>st</sup> March 2009, SIICInvest's turnover stood at 2.7 million euros against 2.4 million euros at 31<sup>st</sup> March 2008.

Rented floor space at 31<sup>st</sup> March 2009 represented 100,039 m<sup>2</sup> of offices and business premises, that is a financial occupancy rate of 88%.

### **Commercial Property Investment Division – Offices Business in Germany**

At 31<sup>st</sup> March 2009, turnover from German office assets represented 4.1 million euros compared to 3.7 million euros at 31<sup>st</sup> March 2008, representing an increase, on a like-for-like basis, of 10.8%. At 31<sup>st</sup> March 2009, rented floor space represented 112,458 m<sup>2</sup> giving an 83.6% financial occupancy rate compared to 81.7% at 31<sup>st</sup> March 2008. At 31<sup>st</sup> March 2009, the average rent for these offices was €131 per m<sup>2</sup>.

In April 2009, Icade signed an extension lease for 4,500 m<sup>2</sup> with Ernst & Young. This agreement follows on from the 10-year firm lease signed in June 2007 for 14,900 m<sup>2</sup> in the 19,600 m<sup>2</sup> office building which Icade is developing in the Arnulfpark business district in Munich. Due to be delivered in September 2010, this development project is now entirely let to Ernst & Young on the basis of a 7% yield, which is slightly higher than forecast. This signature is part of the process of asset management and enhancement of Icade's portfolio in Germany.

### **Commercial Property Investment Division – Business Parks Business**

At 31<sup>st</sup> March 2009, turnover from the Business Parks business represented 21.8 million euros compared to 19.4 million euros at 31<sup>st</sup> March 2008, that is an increase of 12.4%.

This change can be explained by a 7% rise in rents, on a like-for-like basis (+1.3 million euros), and the effect of re-letting contracts for the year 2008 (+1.1 million euros).

The rented floor space represented 421,499 m<sup>2</sup> of premises (compared to 401,557 m<sup>2</sup> at 31<sup>st</sup> March 2008), giving an 86.4% financial occupancy rate at 31<sup>st</sup> March 2009, compared to 87.5% at 31<sup>st</sup> March 2008. The vacancy rate is linked to Building 521 (18,000 m<sup>2</sup>) and to Millénaire 2 (28,600 m<sup>2</sup>). The marketing rate of Millénaire 2 is 18%, 2,500 m<sup>2</sup> of which was let in March 2009 to Saint Louis Sucre.



The average rent of offices and business premises reached €284/m<sup>2</sup> and €151/m<sup>2</sup> respectively at 31<sup>st</sup> March 2009.

### **Commercial Property Investment Division – Shops and Shopping Centres Business**

Turnover from the shops and shopping centres business amounted to 2.0 million euros at 31<sup>st</sup> March 2009. This relates, for the time being, to the 36 property assets acquired on 1<sup>st</sup> January 2008 from the Mr Bricolage Group, which remains the operator. At 31<sup>st</sup> March 2009, rented floor space represented 131,719 m<sup>2</sup> of business premises and the financial occupancy rate was 100%.

The Odysseum shopping centre in Montpellier is due to be handed over in September 2009. To date, pre-letting is ensured at a rate of 85% and is taking place according to schedule. The Millénaire shopping centre in Aubervilliers is due to be delivered in 2011. These two important shopping centre operations will increase the cash flow of this business when delivered.

### **Commercial Property Investment Division – Public and Healthcare Amenities Business**

Turnover from the Public and Healthcare Amenities Business rose to 13.5 million euros at 31<sup>st</sup> March 2009 compared to 5.4 million euros at 31<sup>st</sup> March 2008.

This change is predominantly due to the effect of changes in the scope of consolidation accounting for 7.7 million euros. This concerns income from clinics acquired in 2008 from Vedici, Générale de Santé and the 3H group. Note that within the framework of the partnership negotiated with the Vedici group, Icade acquired the Brétéché clinic in Nantes (180 beds) in the first quarter of 2009 for 7.5 million euros, completing its national coverage.

At 31<sup>st</sup> March 2009, rented floor space represented 307,541 m<sup>2</sup> of premises. The financial occupancy rate was almost 100%.

The portfolio of clinics ensures immediate cash flows indexed over a long period. It is part of the investment strategy which Icade is implementing in the health sector. It allows a smoothing in the cash flow profile of the commercial property investment business that currently holds significant projects under development.

### **Residential Property Division**

With 34,426 housing units as at 31<sup>st</sup> March 2009, that is almost 2 million m<sup>2</sup>, turnover from the residential property division stood at 46.0 million euros (i.e. 43% of rents from the property investment business), compared to 49.5 million euros at 31<sup>st</sup> March 2008, that is a change of -7.1% given the disposals carried out and 2.4% on a like-for-like basis.

The main changes concern the impact of rent indexation (+0.5 million euros), the effect of the tariff policy (+0.6 million euros) and the loss of rental income linked to the disposal of housing units in block or individually, for 4.6 million euros.

At 31<sup>st</sup> March 2009, the financial occupancy rate came out at 94.9%, down 1.5% compared to 31<sup>st</sup> March 2008. Operations for re-housing tenants, to provide housing units to be sold individually, have a negative impact on vacancy. The turnover rate was 8.4%, slightly up on 31<sup>st</sup> March 2008 figures (+0.2%).

Average monthly rent per habitable m<sup>2</sup> (excluding charges, including vacancy) was 7.13 euros at 31<sup>st</sup> March 2009, with 7.28 euros for common law leases and 5.70 euros for so-called subsidised leases (8.9% of the leases). For the last 12 months, the average re-letting rent for a housing unit in Icade's free sector totalled 10.01 euros per m<sup>2</sup>.

During the first three months of 2009, Icade sold 60 housing units individually for an average price of €2,164/m<sup>2</sup> and 1165 housing units in block for an average price of €1,094/m<sup>2</sup>. In all for 2009, Icade has implemented the cession of 3,478 housing units sold in block and 250 units sold individually at an average price of €1,264/m<sup>2</sup> and €1,862/m<sup>2</sup> respectively.



## PROPERTY DEVELOPMENT

The Property Development business recorded turnover of 226.0 million euros at 31<sup>st</sup> March 2009, a decline of 5.7% compared to 31<sup>st</sup> March 2008. This expected contraction stems principally from the slowdown in the property development market in which Icade applies a cautious policy to manage operations by limiting unsold properties, and from the slowdown in the launch of commercial operations.

Turnover in millions of euros	31/03/2009	31/03/2008	Change
Commercial Property Investment (offices, shopping centres and public)	108.8	116.5	-6.6%
Residential Property Development	119.7	126.0	-5.0%
Inter-business development	-2.5	-2.8	
<b>TOTAL</b>	<b>226.0</b>	<b>239.7</b>	<b>-5.7%</b>

### **Commercial Property Development (offices, shopping centres and public)**

Turnover from commercial property development (offices, shopping centres and public) totalled 108.8 million euros at 31<sup>st</sup> March 2009, that is a fall of 6.6% compared to 31<sup>st</sup> March 2008, mainly due to the economic slowdown in public property development. The launch of works on 1st April 2009, under Public Private Partnership, of the Cité Sanitaire in Saint Nazaire will have a significant impact on the turnover of this division from 2009 with expected turnover of 208 million euros for the 2009-2012 period.

At 31<sup>st</sup> March 2009, Icade's project portfolio in commercial property development (offices and shopping centres) represented 594,413 m<sup>2</sup> including projects under way for 208,781 m<sup>2</sup> (of which 35% for the property investment division), and 385,632 m<sup>2</sup> of projects at the initial development stage. This activity represents a growth engine for the property development division with limited speculative operations and major projects in conjunction with the property investment business. The main cash-flow-generating projects for commercial property (office buildings in Villejuif, Aubervilliers and Odysseum shopping centres, restructuring the Tour Descartes etc.) will be delivered during the period 2009-2012.

At 31<sup>st</sup> March 2009, Icade's project portfolio in the commercial (public) property development field represented 234,172 m<sup>2</sup> of projects under way and 92,061 m<sup>2</sup> of projects in the process of being set-up. The following projects were delivered during the 1st quarter of 2009: retirement home in Bourges (4,097 m<sup>2</sup>), housing establishment for dependent elderly persons (EHPAD) in Crest (3,548 m<sup>2</sup>) and a freight centre in Mouguerre (9,881m<sup>2</sup>).

### **Residential Property Development**

At 31<sup>st</sup> March 2009, turnover from Residential Property Development amounted to 119.7 million euros, down 5.0% compared to 31<sup>st</sup> March 2008.

In view of the severe slowdown in the residential property development market experienced from 2008, Icade implemented a cautious policy at the end of last year to manage projects by limiting unsold properties and immediately reducing new construction start-ups. As mentioned during the publication of the annual results, the decisions taken will enable us to maintain a production tool to be ready for the recovery in activity, with the main objectives of limiting the constitution of completed and unsold properties, preparing an offering that is suitable for the new market conditions, for first-time buyers and investment in rental properties, and to sell programmes to social and institutional investors at determined prices.

Because of this decline, Icade is anticipating a fall in turnover for residential property development in 2009 and an EBITDA margin lower than that observed at 31<sup>st</sup> December 2008.

Notarised sales stood at 82.7 million euros for 404 housing units and lots compared to 132.9 million euros and 685 housing units and lots at 31<sup>st</sup> March 2008, that is a fall of 38%. Upstream of notarised sales, reservation reached 1,230 housing units (of which 370 sold in block to institutionals), compared to 767 housing units and 51 lots at 31<sup>st</sup> March 2008). These will generate turnover of 206 million euros compared to 158.9 million euros for those signed in 2008, that is an increase of 29% mainly due to the



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implementation of the Scellier law and to the block sale of housing units to social housing bodies within the framework of the government plan.

At 31<sup>st</sup> March 2009, the average reservation-withdrawal rate (after the 7-day statutory cooling-off period) averaged 20%. The reservation-withdrawal rate observed at 31<sup>st</sup> March has seen a significant fall compared to 2008 and stands at 11.8% (36% at Q4 2008). The average stock disposal rate has risen compared to the 2008 average (5.4%), to 7.1% at 31<sup>st</sup> March 2009. 241 completed housing units remain unsold at 31<sup>st</sup> March 2009, representing 42.3 million euros, that is a slight increase compared to end 2008 (171 housing units representing 36.3 million euros were unsold at 31<sup>st</sup> December 2008).

The backlog amounted to 565 million euros, up 8.8% compared to 31<sup>st</sup> December 2008. The property portfolio represents construction potential for 10,951 housing units and lots for forecasted turnover of 2,063 million euros (12% increase compared to 31<sup>st</sup> December 2008).

Icade is building 684 housing units and rooms on its own behalf for an overall forecasted total of 103 million euros. These housing units will be handed over during the 2009-2012 period.

## PROPERTY SERVICES

Turnover in millions of euros	31/03/2009	31/03/2008	Change
Housing	20.2	21.1	-4.3%
Commercial	26.9	27.8	-3.2%
Inter-business services	-1.4	0.0	
<b>TOTAL</b>	<b>45.7</b>	<b>48.8</b>	<b>-6.4%</b>

During its meeting on 9<sup>th</sup> October 2008, Icade's board of directors authorised its Chairman to begin the process to find a strategic partner for its property administration for individuals and facilities management activities. Icade thus intends to refocus its property services division on consulting, management of student residences and property management for institutional clients.

On 9<sup>th</sup> April 2009, Icade entered exclusive negotiations with PROCIVIS Immobilier with a view to the disposal of its property management business for individuals. Icade also began exclusive negotiations with the TFN group on 29<sup>th</sup> April 2009, for the disposal of its facilities management business.

### Residential property services

At 31<sup>st</sup> March 2009, Icade's residential property services (property management and the management of serviced residences) managed approximately 130,000 lots as managing agent (syndic) and manager in France and 11,000 lots in Spain. They also manage some 7,312 units in student halls of residence in France and 5,877 in Spain. Furthermore, the management of offices for institutional clients previously carried out by Icade Administration de biens was transferred, in the fourth quarter of 2008, to Icade Property Management, for whom it is the core business. Consequently, residential property services turnover fell by 4.3% to 20.2 million euros at 31<sup>st</sup> March 2009.

### Commercial Property Services

At 31<sup>st</sup> March 2009, with its Facility and Property Management businesses, Icade operates almost 2.7 million m<sup>2</sup> of offices and manages almost 4.1 million m<sup>2</sup> (manager and managing agent) in France. In Italy, Icade carries out this business for a total of 2.7 million m<sup>2</sup>. In parallel, Icade is active in commercial consulting throughout the property sector (complex set-ups, strategic advice and expertise, transactions, safety, engineering, information systems etc.). Overall, turnover from commercial services totalled 26.9 million euros at 31<sup>st</sup> March 2009 compared to 27.8 million euros at 31<sup>st</sup> March 2008.



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## INTER-BUSINESS ELIMINATIONS

Inter-business eliminations represented 45.5 million euros at 31<sup>st</sup> March 2009. They have increased significantly in accordance with the developer REIT model and mainly relate to the elimination of turnover concerning projects implemented by the development division on behalf of the investment division.

The investment division has invested in the following projects from the development division:

- Commercial property: second building for LCL in Villejuif, Odysseum Shopping Centre in Montpellier. -21.6 million euro impact on turnover as at 31<sup>st</sup> March 2009.
- Housing: L'Haÿ-les-Roses, Fresnes, Châtenay-Malabry. -14.4 million euro impact on turnover as at 31<sup>st</sup> March 2009.

## NOTE ON THE FINANCING POLICY

Under the financing of its medium-term plan, Icade continues to secure credit facilities. A total of 232 million euros of new bank lines have been negotiated since the beginning of the year, representing an average spread of 170 bp above the 3-month Euribor rate, for a maturity between 1 and 5 years. Furthermore, a new line of 50 million euros is currently undergoing signature. With an LTV of 35% at end 2008 calculated cautiously and a favourable debt reimbursement profile, Icade has an extremely defensive liabilities profile.

## DIARY

2009 half-year results: 28 July 2009 after market close

SFAF: 29 July 2009, 11.30 am – Millénaire 1 – 35 rue de la gare – 75019 Paris

## ABOUT ICADE

Icade, a Developer REIT, chaired by Serge Grzybowski, is a major player in the property market. Its business activities cover the whole value chain: investment, development and services in the housing, offices, business parks, shops and shopping centres and public-health amenities sectors. The company's expertise is expressed through designing, developing, investing, holding and arbitrating, operating and managing. Expertise in its different business lines means that Icade is able to provide its clients with personalised solutions and to act in respect of all the sector's current concerns. In 2008, Icade recorded consolidated turnover of €1,599 million and net current cash-flow of €206 million. The revalued liquidation net asset value rose to €4,954 million, i.e. €101.6 per share as at 31<sup>st</sup> December 2008.

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