Press release

**Paris, 28th July 2009**

**Profits up 22% at 30th June 2009 and a resilient portfolio of assets**

**Icade has published net profit (Group share) of 112 million euros at 30th June 2009. This result is the fruit of the strategy implemented by the Group which consists in extracting capital gains from the residential property portfolio and using these resources to improve the group's profitability. Icade relies on defensive liabilities characterised by controlled debt and good access to liquidity.**

- Consolidated turnover fell 6% at 30th June 2009 to 714 million euros, predominantly in relation to the expected fall in residential property development, while rents from commercial property investment are up 22%.
- EBITDA and operating profit came out at 157 million euros and 173 million euros respectively (i.e. EBITDA stable and operating profit up 11% compared to 30th June 2008), a consequence of the company's increased focus on property investment carried out since the end of 2007.
- Net current cash flow per share fell by 11% to €2.04 per share at 30th June 2009, due, in particular, to the conservative treatment of residential property development operations.
- The value of assets amounted to 6,424 million euros, a decline of 8%, demonstrating the resilience of the property asset portfolio. Given a prudent valuation of the property development and services businesses, the portfolio discount on residential property and the resistance of the corporate property portfolio, the liquidation net asset value fell 14.5% to €86.9 per share.
- Net profit, group share, reached 112 million euros, up 22% compared to 30th June 2008 and takes into account the charges related to impairment (44 million euros) on assets acquired in 2007, the marketing of which is not finalised.

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| *Turnover* | *714.3* | *762.5* | *(6.3)%* |
| *EBITDA* | *156.5* | *156.0* | *0.3%* |
| *Profit/loss from disposals* | *117.8* | *58.1* | *102.8%* |
| *Operating profit/loss* | *173.0* | *155.7* | *11.1%* |
| *Financial profit/loss* | *(51.3)* | *(40.0)* | *(28.5)%* |
| *Tax charge* | *(9.5)* | *(21.8)* | *(56.4)%* |
| *Net profit group share* | *111.5* | *91.5* | *21.9* |
| | | | |
| *Net current cash flow* | *99.3* | *111.6* | *(11.0)%* |
| *Net current cash flow per share* | *€2.04* | *€2.28* | *(11.0%)* |
| *Average no. of shares* | *48,737,303* | *48,868,870* | |

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At 30th June 2009, Icade recorded **turnover** of 714.3 million euros, down 6.3% compared to 30th June 2008, essentially in relation to the expected fall in residential property development. It is worth noting that the disposal of Property management for individuals and Facilities management activities will not affect the turnover until the 2nd half year, as the agreements were concluded at the end of the 1st half.

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| ***Turnover*** | | | |
| *Property investment* | *210.8* | *197.6* | ***6.7%*** |
| *Property development* | *499.3* | *524.3* | ***(4.8)%*** |
| *Property services* | *92.9* | *102.7* | ***(9.5)%*** |
| *Other** | *(88.7)* | *(62.1)* | ***(42.8)%*** |
| ***Total Turnover*** | ***714.3*** | ***762.5*** | ***(6.3)%*** |

** "Other" business consists of the Icade Group's "head office" charges and eliminations of Icade's intra-group synergy operations.*

The growth in turnover of the **Property Investment division** is the result of actions carried out, namely a fall in the contribution of the Residential Property activity (-8.1 million euros) correlated with the disposals carried out in 2008 and the beginning of 2009, an increase in the contribution from Public and healthcare amenities with the acquisition of a portfolio of clinics in 2008 (+15.7 million euros) and an average rent indexing of over 5.7%.

The fall in turnover of the **Property Development division** corresponds mainly to the decline in activity from the Residential Property business. This expected contraction stems principally from the slowdown in this market in which Icade applies a cautious policy to manage operations by limiting unsold properties, and also from the slowdown in the launch of commercial operations.

The rise in intra-group eliminations (**"Other" business**) corresponds to the elimination of turnover related to operations carried out by Property Development for Property Investment, a consequence of the increase in strength of the developer-REIT model.

At 30th June 2009, Icade's consolidated turnover can be broken down as follows: Property Investment 30%, Property Development 70%, Property Services 13% and Other (13%).

At 30th June 2009, Icade had recorded **EBITDA** of 156.5 million euros, compared to 156.0 million euros at 30th June 2008. It is broken down between Property Investment 94%, Property Development 17%, Property Services (0%) and Other (11%).

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| ***EBITDA*** | | | |
| *Property investment* | *147.0* | *130.9* | ***12.3%*** |
| *Property development* | *27.3* | *36.8* | ***(25.8)%*** |
| *Property services* | *(0.6)* | *6.0* | ***(110.0)%*** |
| *Other* | *(17.2)* | *(17.7)* | ***2.8 %*** |
| ***Total EBITDA*** | ***156.5*** | ***156.0*** | ***0.3%*** |

The increase in EBITDA for the **Property Investment division** is a result of actions carried out by Icade's Property Investment division to focus on commercial property. Thus, the increase in weight of the Public and Healthcare Amenities business, combined with the reduction of that of the Residential Property Investment business has allowed it to improve the margin of the Property Investment division by 3.5 points to 69.6% of turnover.

The EBITDA of the **Property Development division** as a percentage of turnover has fallen from 7.0% to 5.5% between 30th June 2008 and 30th June 2009. This reduction is mainly due to the Residential

Property Development business.

The EBITDA of the **Property Services division** shows a loss of 0.6 million euros. If we remove the contribution of businesses which are being sold (Property management for individuals and Facilities management), this results in 3.1 million euros at 30th June 2009, compared to 7.3 million euros at the same period of 2008. This change is mainly due to the slowdown in transactions, during the 1st half of 2009, given the general state of the market.

At 30th June 2009, **operating profit** amounted to 173.0 million euros, compared to 155.7 million euros at 30th June 2008.

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| ***Operating profit/loss*** | | | |
| *Property investment* | *161.9* | *139.1* | ***16.4%*** |
| *Property development* | *25.3* | *26.1* | ***(3.1)%*** |
| *Property services* | *(1.4)* | *4.4* | ***(131.8)%*** |
| *Other* | *(12.8)* | *(13.9)* | ***(7.9)%*** |
| ***Total Operating Profit*** | ***173.1*** | ***155.7*** | ***11.1%*** |

This net increase of 17.3 million euros is the combination of:

- A greater number of asset disposals from Residential Property Investment, 2,116 housing units at 30th June 2009, compared to 1,128 at 30th June 2008. **Capital gains, net of disposals**, have thus increased by 61.3 million euros, reaching 113.7 million euros at 30th June 2009.
- Charges related to impairment amounting to 44.1 million euros. These provisions are essentially related to assets acquired in 2007, the marketing of which is not yet finalised (28.7 million euros for the Tour Descartes and 7.8 million euros for the building in Rueil Malmaison).
- A reversal of 6.8 million euros of provisions, constituted at the end of 2008, with the intention of hedging risks related to the property investment portfolio and operations in pre-marketing from the Residential Property Development business; the marketing potential of these operations has been favourably revised, which confirms the cautious handling of this business.
- The increase in **depreciation charges** from 57.2 million euros at 30th June 2008 to 63.5 million euros at 30th June 2009 relating to investments made.

**Net Profit Group Share** reached 111.5 million euros against 91.5 million euros at 30th June 2008.

**Net Current Cash Flow** stood at 99.3 million euros at 30th June 2009, down 11% compared to 30th June 2008 (111.6 million euros, or €2.28 per share). The 38.7% rise in the average value of gross debt (reaching 2,764 million euros at 30th June 2009) explains the level of net financial charges. Furthermore, the decline in the Residential Property Development business makes an unfavourable contribution to net current cash flow.

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| ***EBITDA*** | ***156.5*** | ***156.0*** | ***0.3%*** |
| *Financial profit/loss* | *(51.3)* | *(40.0)* | ***(28.3)%*** |
| *Effect of non-discounting exit tax* | *2.8* | *5.1* | ***(45.1)%*** |
| ***Current financial profit/loss*** | ***(48.5)*** | ***(34.9)*** | ***(39.0)%*** |
| *Corporation tax (*)* | *(9.5)* | *(21.8)* | ***(56.4)%*** |
| *Tax on capital gains on transferred assets and exit-tax charges following the entry of financial leasing within the scope of the SIIC regime* | *0.0* | *12.3* | ***(100.0)%*** |
| *Tax on capital gains from sale of securities* | *0.8* | *0.0* | ***100.0%*** |
| ***Current corporation tax*** | ***(8.7)*** | ***(9.5)*** | ***(8.4)%*** |
| ***Net current cash-flow*** | ***99.3*** | ***111.6*** | ***(11.0)%*** |
| ***Net current cash flow per share*** | ***€2.04*** | ***€2.28*** | ***(11.0%)*** |
| ***Average no. of shares*** | ***48,737,303*** | ***48,868,870*** | |

*(*) The corporation tax results both from the Property Development and Property Services divisions and from Icade's "Holding" activity (revenue from subsidiaries subject to corporation tax).*

**Effective access to the debt market and a real resistance of the value of the asset portfolio**

In the 1st half of 2009, Icade signed credit facilities for a total of 362 million euros, representing an average 3-month Euribor spread of 156 bp for an average maturity of 4.5 years.

| *(in millions of euros)* | *30/06/2009* | *31/12/2008* | *Variation* |
|---|---|---|---|
| *Net financial debt* | *2,717.6* | *2,458.8* | ***10.5%*** |
| *Appraisal values of property companies* | *6,424.0* | *6,952.3* | ***(7.6)%*** |
| ***Loan to value (LTV)*** | ***42.3%*** | ***35.4%*** | |

At 30th June 2009, Icade's **net debt** stood at 2,717.6 million euros (compared to 2,458.8 million euros at 31st December 2008) combined with an average cost of 4.42% and a favourable average maturity of 4.5 years at 30th June 2009.

The value of Group assets, excluding rights, stands at 6,424.0 million euros against 6,952.3 million euros at the end of 2008, a variation of (7.6%). On a like-for-like basis, the half-yearly variation in portfolio value stands at -584.2 million euros, i.e. a fall of 8.6% compared with 31st December 2008. The **appraisal value** of assets from Icade's property investment companies (excluding rights) was established by independent surveyors for all the assets with the exception of those from the Residential Property Investment business included in the exclusivity agreement with the consortium or those under sale, for which the value of the offer has been used.

The **loan to value (LTV)** ratio, which is calculated using the conservative method as the ratio between the Group's net debt on all business activities including funding development and service operations and the value of the assets (excluding rights) of the property investments companies, was 42.3% at 30th June 2009 compared with 35.4% at 31st December 2008.

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**Revalued net asset value:**

| *(in millions of euros)* | *30/06/2009* | *31/12/2008* | *Variation* |
|---|---|---|---|
| *Replacement NAV* | *4,609.4* | *5,351.7* | ***(13.8)%*** |
| *Replacement NAV / share* | *94.6 €* | *109.8 €* | ***(13.8)%*** |
| *Liquidation NAV* | *4,236.6* | *4,954.1* | ***(14.5)%*** |
| ***Liquidation NAV / share*** | ***€86.9*** | ***€101.6*** | ***(14.5)%*** |

** Number of diluted shares for calculation of Revalued Net Asset Value per share at 30/06/09: 48,737,303*

The liquidation NAV, Group share, is down 14.5% in the first half of 2009 to 86.9 euros, totally diluted. This change stems mainly from the fall in the value of property assets by 11.6 euros per share, given the discount for the block sale of the housing portfolio. This fall is nevertheless partly compensated by the solidity of the assets of the Commercial Property Investment division (-6.5% on a like-for-like basis).

**Focusing the portfolio on commercial property**

Total investments net of disposals amounted to 21.7 million euros in the 1st half of 2009.

Investments underway in the 1st half of 2009 totalled 196.3 million euros, of which 177.1 million euros are dedicated to assets from Property Investment companies. These investments, made principally in offices, clinics and shopping centres, will contribute to consolidating Icade's presence in the commercial property sector and to securing recurring cash flow.

The income from disposals over the period amounts to 175.2 million euros, of which 149.8 million from block sales during the 1st half of 2009 from the residential property portfolio and 24.1 million euros following the disposal of shares of Icade Administration de Biens.

Icade is actively pursuing its arbitrage programme on its residential portfolio and an exclusivity agreement was signed in this respect at end June 2009 with a consortium made up of the SNI, major local public-housing authorities and social housing investors in the Paris region.

**Outlook**

Against the current market environment where financing is difficult, Icade is pursuing its focus on commercial property on the domestic market, thanks to liquidities expected from the accelerated disposal of its housing. Icade's strategic priority is to reinvest liquidity, to seek immediate, secure and antidilutive cash flows and to control its debt ratio. Furthermore, over the coming 4 years, the committed investment pipeline amounts to 1 billion euros.

**Coming events**

Q3 2009 Turnover : 22 October 2009 post-close
Annual results 2009 : 15 February 2010 post-close

*The half-year report at 30th June 2009 has been submitted to the French Financial Markets Authority (AMF) and can be consulted in whole on the Company's website* *http://www.icade.fr/fo/en/category/finance,icade-ex-icade-emgp,icade-emgp-rapport-financier-semestriel.do*

**About Icade**

As a developer REIT, Icade, 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 euros and net current cash flow of 206 million euros. The revalued liquidation net asset value rose to 4 954 million euros, i.e. 101.6 euros per share.

*Serge Grzybowski will present the S1 2009 results to analysts on July 29th at 11.30 am CET. The slide show will be available from 09.00 am via the following link:* *http://www.icade.fr/fo/fr/category/finance,icade-ex-icade-emgp,presentations-financieres.do*

*For participants who wish to listen to the conference in French or in English, please register in advance using the following links:*
*for the French version: https://eventreg2.conferencing.com/webportal3/reg.html?Acc=442938&Conf=199231*
*for the English version: https://eventreg2.conferencing.com/webportal3/reg.html?Acc=442938&Conf=199252*

*Each participant will receive the participant access code, the conference access code and the telephone number to call as well as instructions for listening to the conference.*
*The recording in French and English will be available for 6 days from 29th July 2009 until midnight on 4th August 2009.*
*To listen to the recording, please use the following numbers and codes:*
*020 7031 4064 -- UK London*
*+33 (0) 170993529 -- France Paris*
*Access Code: 838794 French version*
*Access Code: 2661385 English version*

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Foncière-développeur

# *ANNEXES*

# I- CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET AT 30TH JUNE 2009

| *(in millions of euros)* | *30.06.09* | *30.06.08* |
|---|---|---|
| ***Turnover*** | ***714.3*** | ***762.5*** |
| ***EBITDA*** | ***156.5*** | ***156.0*** |
| *In % of turnover* | *21.9%* | ***20.5%*** |
| *Depreciation charges net of investment grants* | *(63.5)* | ***(57.2)*** |
| *Charges and reversals related to impairment of tangible, financial and other current assets* | *(37.8)* | ***(1.2)*** |
| ***Profit/loss from disposals*** | ***117.8*** | ***58.1*** |
| ***Operating profit/loss*** | ***173.0*** | ***155.7*** |
| ***Financial profit/loss*** | ***(51.3)*** | ***(40.0)*** |
| *Profit tax* | *(9.5)* | ***(21.8)*** |
| *Net profit* | *113.9* | ***93.8*** |
| ***Net profit Group share*** | ***111.5*** | ***91.5*** |
| | | |
| | | |
| ***Net current cash flow*** | ***99.3*** | ***111.6*** |
| ***Data per share in euros*** | | |
| ***Number of shares used in the calculation*** | ***48 737 303*** | ***48 868 870*** |
| ***Group share of net earnings per share*** | ***2.29 €*** | ***1.87 €*** |
| ***Net current cash flow per share*** | ***2.04 €*** | ***2.28 €*** |

| *(in millions of euros)* | *30.06.09* | *31.12.08* |
|---|---|---|
| ***ASSETS*** | | |
| *Net consolidated goodwill* | *85.9* | ***141.4*** |
| *Net intangible assets* | *23,9* | ***32.4*** |
| *Net tangible assets* | *142.5* | ***463.3*** |
| *Net investment properties* | *3 142.2* | ***3 027.7*** |
| *Non-current securities available for sale* | *20.2* | ***19.9*** |
| *Securities consolidated by the equity method* | *2.9* | ***0.7*** |
| *Other non-current financial assets* | *22.7* | ***58.5*** |
| *Deferred tax assets* | *10.2* | ***19.6*** |
| ***TOTAL NON-CURRENT ASSETS*** | ***3 450.5*** | ***3 763.5*** |
| *Inventory and goods in process* | *411.6* | ***391.0*** |
| *Trade debtors* | *387.4* | ***399.6*** |
| *Amounts due by customers (building contracts and off-plan sales)* | *206.5* | ***186.9*** |
| *Tax receivable* | *7.3* | ***27.5*** |
| *Miscellaneous receivables* | *555.5* | ***646.3*** |
| *Current securities available for sale* | *0.1* | ***0.7*** |
| *Other current financial assets* | *81.7* | ***61.6*** |
| *Cash and cash equivalents* | *476.6* | ***656.1*** |
| *Assets intended to be sold* | *357.5* | ***25.5*** |
| ***TOTAL CURRENT ASSETS*** | ***2 484.2*** | ***2 395.2*** |
| ***TOTAL ASSETS*** | ***5 934.7*** | ***6 158.7*** |
| | | |
| ***LIABILITIES*** | | |
| ***Capital and reserves - Group share*** | ***1 384.8*** | ***1 468.9*** |
| *Minority interests* | *12.8* | ***10.1*** |
| ***CAPITAL AND RESERVES*** | ***1 397.6*** | ***1 479.0*** |
| *Non-current provisions* | *51.2* | ***53.7*** |
| *Non-current financial accounts payable* | *2 393.6* | ***2 539.1*** |
| *Tax payable* | *5.6* | ***57.5*** |
| *Deferred tax payable* | *21.8* | ***26.9*** |
| *Other non-current financial liabilities* | *151.1* | ***140.5*** |
| ***TOTAL NON-CURRENT LIABILITIES*** | ***2 623.3*** | ***2 817.7*** |
| *Current provisions* | *34.4* | ***41.8*** |
| *Current financial accounts payable* | *771.5* | ***605.1*** |
| *Tax payable* | *82.2* | ***81.9*** |
| *Trade creditors* | *423.2* | ***434.4*** |
| *Amounts due to customers (building contracts and off-plan sales)* | *17.7* | ***63.7*** |
| *Miscellaneous current payables* | *520.3* | ***628.9*** |
| *Other current financial liabilities* | *35.5* | ***6.2*** |
| ***Liabilities intended to be sold*** | ***29.0*** | ***0.0*** |
| ***TOTAL CURRENT LIABILITIES*** | ***1 913.8*** | ***1 862.0*** |
| ***TOTAL LIABILITIES AND CAPITAL AND RESERVES*** | ***5 934.7*** | ***6 158.7*** |

| Revalued net asset value<br>(in millions of euros except data per share in euros) | *30/06/2009* | *31/12/2008* | *Variation (in value)* | *Variation (in %)* |
|---|---|---|---|---|
| Group share of replacement NAV | 4 609.4 | 5 351.7 | (742.3) | (13.8)% |
| Replacement NAV per share (*Group share - fully diluted in €)* | 94.6 | 109.8 | (15.2) | (13.8)% |
| Group share of liquidation NAV | 4 236.6 | 4 954.1 | (717.5) | (14.5)% |
| Liquidation NAV per share (Group share - fully diluted in €) | 86.9 | 101.6 | (14.7) | (14.5)% |

| *(in millions of euros)* | *30/06/2009* | *31/12/2008* | *Variation (in value)* | *Variation (in %)* |
|---|---|---|---|---|
| *Net financial debt* | *2 717.6* | *2 458.8* | ***258.8*** | ***10.5%*** |
| *Appraisal values of property companies* | *6 424.0* | *6 952.3* | ***(528.3)*** | ***(7.6)%*** |
| ***Loan to value (LTV)*** | ***42.3%*** | ***35.4%*** | | |

# II - ANALYSIS AND COMMENTARY ON BUSINESS AND RESULTS

## A – HIGHLIGHTS 1st half of 2009

The first half of 2009 was characterised by the continued transformation of Icade under the SIIC (listed property investment companies) regime adopted in 2007. Despite the difficult market conditions, several operations were implemented under the developer-REIT model. On the one hand, Icade has continued to refocus its activities by selling two of its main property services subsidiaries, Icade Administration de Biens and Icade Eurogem and has, on the other hand, accelerated the process to focus on commercial property by initiating the disposal of a significant share of its housing portfolio and by continuing to develop its commercial assets:

**Property Services division:**

- Disposal at 30th June 2009 of Icade Administration de Biens, a company grouping all of Icade's property management activities for individuals, to Procivis. The transaction price, which may be adjusted up or down depending on the 2009 operational performance of Icade Administration de Biens, amounts to 24.1 million euros. On this basis, this sale has generated a capital gain of 6.2 million euros. With some 450 employees, in 2008 Icade's property management business for individuals generated turnover of 37 million euros, with an EBITDA of some 2 million euros. The company was deconsolidated with effect from 30th June 2009.
- Signature on 23rd June 2009 of a contract with the group TFN for the sale of Icade Eurogem, a facilities management company, for the sum of 18 million euros. This sale remains subject to the authorisation of the competition authorities as well as the application of provisions of law no. 86-912 of 6th August 1986 relative to privatisations and the tacit approval of the Minister for the Economy, Industry and Employment. These administrative authorisations should be obtained in under 2 months. The sale should therefore be officially recorded in Icade's consolidated accounts in the 2nd half of 2009. With some 500 employees, Icade Eurogem generated turnover of 63 million euros in 2008, and a negative operating profit.

**Residential Property division:**

- Signature on 30th June 2009 of an exclusivity agreement with a consortium made up of the Société Nationale Immobilière (SNI, subsidiary of the Caisse des Dépôts), major local public-housing authorities and social housing investors in the Paris region, for the sale of 26,034 housing units for the sum of nearly 2.0 billion euros.
- This agreement also provides for the transfer by Icade of 6,647 housing units to ad hoc structures set up with the SNI. These structures shall be managed by the SNI and the transferred assets shall be sold over time.
- Only housing units under joint-ownership (1,745 units at 30th June 2009) are not concerned by this agreement. These housing units shall be retained by Icade, which shall continue to dispose of them over time.

**Commercial Property division:**

- Continued investments in projects under development, including:
  - 37.9 million euros for shopping centres developed in partnership with Klépierre:
    - 13.2 million euros for the Odysseum centre in Montpellier, marketing of which is almost completed. The customer catchment area is 750,000 persons. The main brand names represented are Darty, Nature & Découvertes and Sephora,
    - 24.1 million euros for Le Millénaire centre in Aubervilliers, the pre-marketing of which has begun successfully. The hypermarket Carrefour has already signed for 4,100 $m^2$.
  - 25.7 million euros for the Metropolitan project in Villejuif, entirely pre-let to LCL who will install its operational head office over 61,700 $m^2$ of offices, and for which delivery shall take place between October 2008 and October 2011.
  - 11.3 million euros of renovation works for the office building in Rueil Malmaison. These renovation works, which began in May 2008, shall be completed in autumn 2009.
  - 9.3 million euros for the construction of the office building in Munich of 19,311 $m^2$, pre-let to Ernst & Young; handover is scheduled for October 2010.

- Furthermore, in accordance with contracts signed with several groups which operate clinics, 36.0 million euros has been invested during this half year. These investments strengthen Icade's position as a reference player in the healthcare amenities sector and consolidate the recurrent income of this activity.

Property Development division

In the context of an extremely slow market, the operating profit of the Property Development division, at 30th June 2009, came out at 25.3 million euros, down by only 0.9 million euros compared to the same period of 2008. This performance reflects the good level of profitability of operations underway and the cautious provisioning policy of the property reserves and risky operations carried out at the end of 2008.

Events after closure:

No significant events occurred after the accounts were closed.

# B - ACTIVITY AND RESULTS 1st half 2009

## 1. Property investment

| (in millions of euros) | 30/06/2009 | 30/06/2008 | Variation |
|---|---|---|---|
| TURNOVER | 210.8 | 197.6 | 6.7% |
| Commercial | 120.5 | 99.0 | 21.7% |
| Offices in France | 32.5 | 32.0 | 1.6% |
| Offices in Germany | 8.4 | 7.5 | 12.0% |
| SIICInvest | 5.3 | 5.0 | 6.0% |
| Business parks | 43.6 | 39.4 | 10.7% |
| Public and healthcare amenities | 26.9 | 11.0 | 144.5% |
| Shops and Shopping Centres | 3.8 | 4.0 | (5.0)% |
| Housing | 90.5 | 98.6 | (8.2)% |
| Inter-business investment | (0.2) | 0.0 | (100.0)% |
| | | | |
| EBITDA | 147.0 | 130.9 | 12.3% |
| Commercial | 106.3 | 83.5 | 27.3% |
| Offices in France | 32.7 | 29.3 | 11.6% |
| Offices in Germany | 6.1 | 5.6 | 8.9% |
| SIICInvest | 4.1 | 3.9 | 5.1% |
| Business parks | 36.3 | 32.2 | 12.7% |
| Public and healthcare amenities | 23.7 | 8.9 | 166.3% |
| Shops and Shopping Centres | 3.4 | 3.7 | (8.1)% |
| Housing | 40.7 | 47.4 | (14.1)% |
| Inter-business investment | 0.0 | 0.0 | 0.0% |
| | | | |
| OPERATING PROFIT/LOSS | 161.9 | 139.1 | 16.4% |
| Commercial | 19.5 | 53.7 | (63.7)% |
| Offices in France | (11.7) | 22.1 | (152.9)% |
| Offices in Germany | 2.2 | 2.3 | (4.3)% |
| SIICInvest | (0.8) | 2.5 | (132.0)% |
| Business parks | 14.7 | 18.2 | (19.2)% |
| Public and healthcare amenities | 15.2 | 7.0 | 117.1% |
| Shops and Shopping Centres | (0.1) | 1.7 | (105.9)% |
| Housing | 142.4 | 85.4 | 66.7% |
| Inter-business investment | 0.0 | 0.0 | 0.0% |

| (in millions of euros) | 30/06/2009 | 30/06/2008 | Variation |
|---|---|---|---|
| RENTAL INCOME | 209.6 | 196.6 | 6.6% |
| Commercial | 120.0 | 98.8 | (21.5)% |
| Offices in France | 32.5 | 32.0 | 1.6% |
| Offices in Germany | 8.4 | 7.5 | 12.0% |
| SIICInvest | 5.3 | 5.0 | 6.0% |
| Business parks | 43.5 | 39.4 | 10.4% |
| Public and healthcare amenities | 26.5 | 10.9 | 143.1% |
| Shops and Shopping Centres | 3.8 | 4.0 | (5.0)% |
| Housing | 89.6 | 97.8 | (8.4)% |
| Inter-business investment | 0.0 | 0.0 | 0.0% |
| | | | |
| NET RENT | 162.4 | 144.3 | 12.5% |
| Commercial | 113.0 | 91.8 | (23.1)% |
| Offices in France | 31.4 | 30.8 | 1.9% |
| Offices in Germany | 7.5 | 7.1 | 5.6% |
| SIICInvest | 4.9 | 4.7 | 4.2% |
| Business parks | 39.7 | 34.8 | 14.1% |
| Public and healthcare amenities | 25.9 | 10.6 | 144.3% |
| Shops and Shopping Centres | 3.6 | 3.8 | (5.3)% |
| Housing | 49.4 | 52.5 | (5.9)% |
| Inter-business investment | 0.0 | 0.0 | 0.0% |

## 1.1 General data

### 1.1.1 Presentation

Icade's Commercial Property Investment is present on the main segments of commercial property:

Principally on:

- The Offices business: which is characterised by mature assets generating recurrent cash flows. An arbitrage policy is carried out in this business on the most mature assets which no longer have any reversion potential. Through these sales, Icade is able to generate substantial capital gains.
- The Business Parks business: it is because of the volatility of its assets and its strong development potential that Icade's property investment business is concentrating a large part of its investments (both restructuring existing assets and building new assets such as HQE (high environmental quality). This business generates future cash flows.

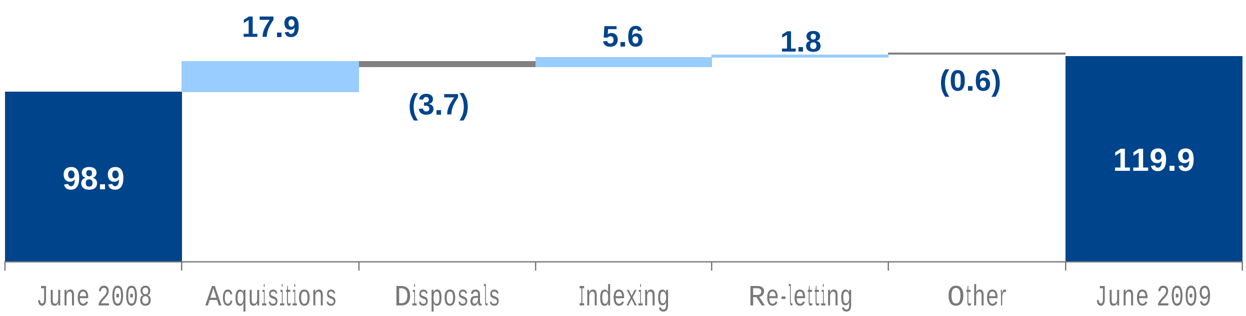
And for diversification purposes, on:

- The Public and Healthcare Amenities business: since 2007, Icade has invested 575 million euros in healthcare establishments, becoming a key player in this market which generates immediate cash flows, fixed leases of over 9 years and in which the majority of leases signed with operators have a re-invoicing rate for building charges of close to 100%. Icade benefits from a renowned team and expertise on the market.
- The Shops and Shopping Centres business: Icade is present on this segment:
  - It holds assets of shops such as "Mr Bricolage", which generate immediate cash flows
  - The construction of 2 leading shopping centres.

### 1.1.2 Key figures at 30th June 2009

Turnover for the Commercial Property Investment division represents 120.5 million euros at 30th June 2009, up 21.7% compared to 30th June 2008. On a like-for-like basis, this represents growth of 6.9%.

The table below displays the changes in rental income from 2008 to 2009:




The acquisitions (17.9 million euros) principally concern income from clinics acquired in the 2nd half of 2008.

Disposals (3.7 million euros) represent the loss of rental income related to the sale of 31/33 rue de Mogador in the 9th arrondissement of Paris in the 2nd half of 2008.

The rent indexing is 5.6 million euros, that is 5.7%.

The net rent of the Commercial Property Investment division amounts to 113.0 million euros, compared to 91.8 million euros at 30th June 2008, that is a margin rate of 94.2%, up 1.3 points compared to 30th June 2008. This change is principally linked to recent acquisitions of clinics, the leases of which allow the re-invoicing to the tenant of the majority of charges and expenses related to maintenance and renewal.

Operating Profit represents 19.5 million euros at 30th June 2009 compared to 53.7 million euros at 30th June 2008. The 2009 result includes charges related to impairment on assets acquired in 2007 which are undergoing restructuring. These charges amount to 44.1 million euros at 30th June 2009, of which 7.8 million euros for the H2O building in Rueil-Malmaison and 28.7 million euros for the Tour Descartes.

### 1.1.3 Rental business

The Commercial Property Investment division holds 1.3 million m² of rentable floor space at 30th June 2009, of which 32% for the Offices business and 36% for the Business Parks business.

The broad client portfolio of the Commercial Property Investment division (which the exception of the tenant IBM in the Tour Descartes) enables it to limit the tenant risk. In fact, the 15 most significant tenants represent 108.2 million euros of annual current rent (45% of the total amount of rental income) and 607,500 m² of surface, that is 50% of rental assets.

Below is a table of the main tenants:

| Rank | Tenants | Current rents | % |
|---|---|---|---|
| 1 | CIE IBM FRANCE | 29 756 927 | 12% |
| 2 | VEDICI | 15 172 694 | 6% |
| 3 | GENERALE DE SANTE | 13 700 000 | 6% |
| 4 | MINISTERE DE L'INTERIEUR | 11 500 425 | 5% |
| 5 | GROUPE ICADE | 10 086 966 | 4% |
| 6 | GROUPE MR BRICOLAGE | 7 977 284 | 3% |
| 7 | GROUPE RHODIA | 6 627 441 | 3% |
| 8 | GMG (T-Systems) | 6 590 120 | 3% |
| 9 | HARPIN | 6 316 900 | 3% |
| 10 | DEUTSCHE BANK | 5 608 832 | 2% |
| 11 | GROUPE PIERRE ET VACANCES | 4 669 179 | 2% |
| 12 | CREDIT AGRICOLE SA | 4 387 229 | 2% |
| 13 | COCA COLA | 4 204 207 | 2% |
| 14 | GROUPE EUROMEDIA | 4 090 572 | 2% |
| 15 | TGI | 3 745 303 | 2% |
| 16 | RTE | 3 526 778 | 1% |
| 17 | 3H | 3 184 434 | 1% |
| 18 | L'URSSAF DE PARIS | 3 170 788 | 1% |
| 19 | CLUB MEDITERRANEE | 3 122 250 | 1% |
| 20 | UBS | 2 890 070 | 1% |
| 0 | SOLDE | 89 442 182 | 37% |
| | | **239 770 579** | |

Total rents = €134, 434, 077 i.e. 56%

Total rents = €150, 328, 397 i.e. 63%

| Rank | Tenants | Surface | % |
|---|---|---|---|
| 1 | GROUPE MR BRICOLAGE | 131 436 | 11% |
| 2 | VEDICI | 120 200 | 10% |
| 3 | CIE IBM FRANCE | 76 775 | 6% |
| 4 | GENERALE DE SANTE | 59 110 | 5% |
| 5 | HARPIN | 55 724 | 5% |
| 6 | GMG (T-Systems) | 40 017 | 3% |
| 7 | GROUPE EUROMEDIA | 39 289 | 3% |
| 8 | GROUPE RHODIA | 37 416 | 3% |
| 9 | GROUPE ICADE | 34 090 | 3% |
| 10 | 3H | 29 950 | 2% |
| 11 | MINISTERE DE L'INTERIEUR | 28 100 | 2% |
| 12 | LOGIDIS | 27 850 | 2% |
| 13 | GROUPE PIERRE ET VACANCES | 16 395 | 1% |
| 14 | L. E. M 888 | 14 637 | 1% |
| 15 | CREDIT AGRICOLE SA | 14 309 | 1% |
| 16 | SOMEFOR | 13 606 | 1% |
| 17 | CLUB MEDITERRANEE | 12 489 | 1% |
| 18 | C2S | 10 477 | 1% |
| 19 | Autohaus G.V.O. GmbH | 10 410 | 1% |
| 20 | DEUTSCHE BANK | 10 130 | 1% |
| 0 | SOLDE | 440 463 | 36% |
| | | **1 222 872,9** | |

Total Surface = 725, 298 m2 i.e. 59%

Total Surface = 782, 410 m2 i.e. 64%

At 30th June 2009, the average fixed term of a lease is greater than 4 years. To limit the tenant risk, Icade allows its main tenants to extend the fixed term of their lease in return for support measures such as rent exemptions or the capping for a certain period of the rent indexing rate. It is in this way that Icade was able to renegotiate, in the 1st half of 2009, leases for a fixed term of 6 years with the tenant UBS in the building at 69 boulevard Haussmann (5,400 m² of surface), and the tenant Alain Afflelou on the Portes de Paris business park (3,900 m² of surface).

In the same way as other property companies, Icade was confronted, in the 1st half of 2009, with the possibility that certain tenants may ask for the revision of their leases under article L145-39 of the French commercial code. Indeed if, through indexing, the amount of the rent indexed is 25% greater than the amount of the initial base rent, the tenant is entitled to request the revision of his rent to bring it to market value. The analysis conducted on the sphere of the Commercial Property Investment shows, however, that the risk is limited because at 30th June 2009, 20% of leases in risk are in negotiation for renewal (see paragraph above on the tenant risk).

Indeed, the number of leases concerned is 55 and represents an annual accumulation of rent of 26.3 million euros (current rents of the tenant IBM excluded), that is 12% of the total of current rents. The potential risk of return to the market rental value represents 3.6 million euros, that is a potential loss of rent of 1.5%.

The physical occupation rate represents 92.2% at 30th June 2009 compared to 92.1% at 30th June 2008. Assets delivered since 30th June 2008 are currently being marketed.

Vacant surfaces at 30th June 2009 represent 104,200 m$^2$ and concern 3 main assets (64,000 m$^2$ of surface). Commercial progress is as follows:

- Building 521, on the Portes de Paris business park. This building, delivered in the 2nd half of 2008, is part of the Business Parks development project. It is located near the future metro station Proudhon Gardinoux, which will come into service in 2012. It includes 18,000 m$^2$ of rental surface area.
- Millénaire 2 in the 19th arrondissement of Paris near Porte d'Aubervilliers. This building, delivered in 2007, includes 28,600 m$^2$ and at 30th June 2009, 18% is rented. Indeed, in the 1st half of 2009, a prospect rented 2,500 m$^2$ of surface area. To date, of around fifteen contracts, four are active for this building and are either under negotiation or under study.
- Eurofret warehouse in Strasbourg, represents 27, 900 m$^2$ of rentable floor space. At 30th June 2009, 17% was rented. This building, delivered in February 2009 is in the advanced marketing stage with a prospect for 9,000 m$^2$.

At 31st December 2009, several assets currently under construction or restructuring shall be delivered and marketable. This is the case for:

- H2O building in Rueil-Malmaison: delivery is scheduled for September 2009 (22,000 m$^2$). This asset is in the pre-marketing stage.
- Odysseum Shopping Centre in Montpellier: delivery is scheduled for September 2009. The pre-marketing rate is close to 100%. The customer catchment area represents 750,000 persons. The main brand names represented are Darty, Nature & Découvertes and Sephora.
- Le Millénaire shopping centre in Aubervilliers: delivery is scheduled for April 2011. The customer catchment area represents 1 million persons. The marketing process has had a very successful start given the signature already obtained by Carrefour (4,100 m$^2$).
- Turlenstrasse building in Germany: this building is vacant and being studied for restructuring. Advanced negotiations are being held with a major regional user for the construction of a building for its own use (around 40,000 m$^2$).

### 1.1.4 Investment business

Icade has continued to add value to its assets in order to eventually increase the production of cash flows and at the same time has acquired healthcare assets which produce immediate cash flows. Total investments over the period amounted to 127.3 million euros.

This policy can be divided into four types of investments:

- Acquisitions of assets for 8.3 million euros: selective strategy on highly-profitable assets and immediate cash flows. Icade therefore acquired the Brétéché clinic in Nantes in February 2009 for 8.3 million euros (21,000 m$^2$ – 180 beds).
- Restructuring assets for 18.6 million euros: selective strategy for adding value to assets with a strong potential for profitability. This is the case for the H2O building in Rueil-Malmaison (11.3 million euros of investments over the 1st half of 2009).
- Constructions/extensions of assets for 93.9 million euros: the policy carried out for this type of investment consists in pre-marketing the future asset before launching the construction or extension.

Investments principally concern:

- Assets in Villejuif rented to the tenant LCL (60,000 m$^2$ over 4 buildings). The investment over the half year represents 25.7 million euros,
- The 2 shopping centres Odysseum in Montpellier (marketing close to 100%) and Aubervilliers (marketing at 30th June 2009 of half of the hypermarket section). The investment over the half year represents 37.4 million euros,

- The building located in Munich (19,311 $m^2$), with 72% pre-marketed to Ernst & Young. The investment over the half year represents 9.4 million euros,
- Extensions to clinics acquired since 2007 which are marketed to operators at delivery of works. The investment over the half year represents 21.0 million euros,
- Other investments: 6.4 million euros predominantly account for expenses concerning renovation of business parks.

#### 1.1.5 Arbitrage business

Icade carries out an active arbitrage policy of its assets, which consists in selecting mature assets which no longer create value, with generally a reversion potential that is zero or negative and whose sale would generate significant capital gains.

In the 1st half 2009, Icade therefore integrated two assets into its arbitrage plan. The effective sales should take place in the 2nd half of 2009.

## 1.2 Commercial Property Investment Division - Office Business

### 1.2.1 Office Business in France

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| *Turnover* | *32.5* | *32.0* | *1.6%* |
| *EBITDA* | *32.7* | *29.3* | *11.6%* |
| | | | |
| *Operating profit/loss* | *(11.7)* | *22.1* | *(152.9)%* |

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| *Rental income* | *32.5* | *32.0* | *1.6%* |
| *Rental charges not reinvoiced* | *0.0* | *(0.2)* | *100.0%* |
| *Property charges* | *(1.0)* | *(1.0)* | *0.0%* |
| *Net rent* | *31.5* | *30.8* | *1.9%* |
| *Net rent / rental income* | *96.8%* | *96.4%* | |
| | | | |
| *Other revenue* | *0.0* | *0.0* | *0.0%* |
| *Depreciation charges net of grants* | *(7.9)* | *(7.2)* | *(9.7)%* |
| *Charges and reversals related to impairment* | *(36.4)* | *0.0* | *(100.0)%* |
| *Profit/loss from disposals* | *0.0* | *0.0* | *0.0%* |
| *Other charges and income* | *1.2* | *(1.5)* | *180.0%* |
| *Operating profit/loss* | *(11.7)* | *22.1* | *(152.9)%* |

At 30th June 2009, **turnover** from the “Office business in France” stood at 32.5 million euros compared to 32.0 million euros at 30th June 2008, representing a 1.5% increase, 7.2% of which on a like-for-like basis. This slight increase is the result of several different factors:

- (1.8) million euros related to the effects of changes in the consolidation such as:
  - (1.3) million euros following the disposal of 31 rue de Mogador in the 2nd half of 2008
  - (2.4) million euros, the consequence of the neutralisation of the asset located in Rueil Malmaison for restructuring in May 2008
  - +0.7 million euros from 31 avenue Champs Elysées acquired in September 2008
  - +1.2 million euros related to the commission in November 2008 of the Opera building in Villejuif
- +2.3 million euros corresponding essentially to rent indexing (7.1% increase)

The rented floor space represented 153,332 m² of premises (compared to 140,408 m² at 30th June 2008), giving a 98.5% **financial occupancy rate** at 30th June 2009 (compared to 99.8% at 30th June 2008).

At 30th June 2009, the average rent amounted to 423 euros per m².

**Net rent** from the "Offices business in France" at 30th June 2009 came out at 31.5 million euros compared to 30.8 million euros at 30th June 2008.

At 30th June 2008, **operating profit** from the "Office business in France" amounted to (11.7) million euros, compared to 22.1 million euros at 30th June 2008.

This change is due to a combination of:

- (36.4) million euros in charges related to impairment of which 28.7 million euros for the Tour Descartes and 7.8 million euros for the building in Rueil Malmaison,
- +3.3 million euros agreed compensation signed with the tenant IBM on the Tour Descartes which is thus exempted from renovation works on the premises, which would have been at its charge at the end of the lease, following its departure at the end of 2009.

The following table shows figures for maintenance, renovation and development carried out by the "Office business in France" at 30th June 2008 and 2009.

| *Amount (in millions of euros) excl. tax* | *30/06/2009* | *30/06/2008* |
|---|---|---|
| Upkeep - Maintenance | 0.1 | **0.1** |
| Renovation - Fixed assets | 0.1 | **1.7** |
| **Development - Fixed assets** | **37.0** | **14.1** |

Icade thus made 37.1 million euros of **investments** net of disposals during the 1st half of 2009:

- 11.3 million euros in works carried out on the building on rue des Martinets in Rueil Malmaison, acquired in May 2007. Following the scheduled departure of ESSO, the building's only tenant, the renovation works began in May 2008 and shall end in autumn 2009.
- 25.7 million euros for the construction of three buildings in Villejuif, for the future operational head office of LCL.
- 0.1 million euros for various works on assets.

**Customers and leases**

It should be noted that the building on rue des Martinets in Rueil Malmaison is classified as a building under development, as it is subject to heavy restructuring. Therefore it is not included in the various indicator calculations (rented floor space, average rents, financial occupancy rate).

In respect of all its leased assets, Icade has about 10 significant tenants, together representing annual rent of 59.7 million euros at 30th June 2009, nearly 89% of the total value of rental income.

The following table shows, on an annual basis, the number of leases coming to an end and the value of the rent (as Group quota share) accounted for in 2009 for each type of lease concerned.

| Year | No. of leases affected | Value of rent accounted for in 2009 (in millions of euros) |
|---|---|---|
| 2009 | 70 | **2.3** |
| 2010 | 14 | **17.0 *** |
| 2011 | 15 | **4.0 ** ** |
| 2012 | 5 | **3.5 *** ** |
| **2013 and following** | **11** | **5.7** |

** of which IBM for 14.9 million euros, tenant of the Tour Descartes

** of which Coca-Cola for 2.1 million euros, tenant of the Camille Desmoulins building

*** of which Deutsche Bank for 2.8 million euros, tenant of the building at 3/5 avenue de Friedland

### 1.2.2 Office Business in Germany

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| *Turnover* | *8.4* | *7.5* | *12.0%* |
| *EBITDA* | *6.1* | *5.6* | *8.9%* |
| | | | |
| *Operating profit/loss* | *2.2* | *2.3* | *(4.3)%* |

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| *Rental income* | *8.4* | *7.5* | *12.0%* |
| *Rental charges not reinvoiced* | *(0.3)* | *(0.1)* | *(200.0)%* |
| *Property charges* | *(0.6)* | *(0.3)* | *(100.0)%* |
| *Net rent* | *7.5* | *7.1* | *5.6%* |
| *Net rent / rental income* | *88.9%* | *94.7%* | |
| | | | |
| *Other revenue* | *0.0* | *0.0* | *0.0%* |
| *Depreciation charges net of grants* | *(3.5)* | *(3.3)* | *(6.1)%* |
| *Charges and reversals related to impairment* | *(0.5)* | *0.0* | *(100.0)%* |
| *Profit/loss from disposals* | *0.1* | *0.0* | *100.0%* |
| *Other charges and income* | *(1.4)* | *(1.5)* | *6.7%* |
| *Operating profit/loss* | *2.2* | *2.3* | *(4.3)%* |

At 30th June 2009, turnover from German commercial property assets represented 8.4 million euros compared to 7.5 million euros at 30th June 2008, that is an increase of 12%.

This increase of 0.9 million euros can be mainly explained by:

- +0.5 million euros resulting from contracts concluded during 2008, with effect in the full year 2009,
- +0.1 million euros following the conclusion of new leases during the 1st half of 2009 (extension of the aeronautical consultancy Atena in Munich, the audiovisual production company Arena in Berlin and the Kid Castle nursery in Hamburg as well as the new site of Team Trans logistics company in Hamburg),
- +0.3 million euros resulting essentially from rent indexing by plateaus, specific to Germany.

Rented floor space at 30th June 2009 represents 112,785 m². During the 1st half of 2009, new leases concerned 5,397 m² of which 4,555 m² related to the extension of the Ernst & Young lease in the building under construction in Munich. The overall financial occupancy rate represents 90.6% at 30th June 2009 compared to 83.2 % at 30th June 2008. During the 1st half of 2009, the building at Turlenstrasse in Munich was the subject of advanced negotiations with a major regional user for the construction of a building for its own use. It was therefore reclassified as a building under development and is not included in the various indicator calculations (rented floor space, average rents, financial occupancy rate).

Against an increasingly difficult economic context and rental market, Icade is pursuing its strategy of filling vacancies in buildings in use and developing property reserves with potential lessees.

Net rent at 30th June 2009 totalled 7.5 million euros, compared to 7.1 million euros at the same period in 2008 (+5.6%).

The strong dynamics in selling vacant floor space and the control of functioning charges have generated an EBITDA with a clear improvement (+8.9%) to 6.1 million euros compared to 5.6 million euros in 2008.

This resulted in an Operating Profit of 2.2 million euros at 30th June 2009, a level identical to that of 2008 after taking into account prudent depreciations of assets and debts for 0.5 million euros.

In parallel to this sustained activity, the development of property reserves is continuing with the development of a commercial building of 19,311 m² in Munich of which 72% of floor space is pre-let to Ernst & Young. In March 2009, Icade concluded an amendment with Ernst & Young extending its main lease, allowing it to reach a pre-marketing rate for this asset of 99%, more than a year before its delivery in October 2010.

Investments of the "Office business in Germany" in the 1st half of 2009 amounted to 9.4 million euros, corresponding essentially to the current construction project for Ernst & Young.

### 1.2.3 SIICInvest

| (in millions of euros) | 30/06/2009 | 30/06/2008 | Variation |
|---|---|---|---|
| Turnover | 5.3 | 5.0 | 6.0% |
| EBITDA | 4.1 | 3.9 | 5.1% |
| | | | |
| Operating profit/loss | (0.8) | 2.5 | (132.0)% |

| (in millions of euros) | 30/06/2009 | 30/06/2008 | Variation |
|---|---|---|---|
| Rental income | 5.3 | 5.0 | 6.0% |
| Rental charges not reinvoiced | 0.0 | 0.0 | 0.0% |
| Property charges | (0.4) | (0.3) | (33.3)% |
| Net rent | 4.9 | 4.7 | 4.3% |
| Net rent / rental income | 91.5% | 93.3% | |
| | | | |
| Other revenue | 0.0 | 0.0 | 0.0% |
| Depreciation charges net of grants | (2.2) | (1.3) | (69.2)% |
| Charges and reversals related to impairment | (2.8) | 0.0 | (100.0)% |
| Profit/loss from disposals | 0.0 | 0.0 | 0.0% |
| Other charges and income | (0.7) | (0.8) | 12.5% |
| Operating profit/loss | (0.8) | 2.5 | (132.0)% |

Operating under the SIIC regime (but not subject to the SIIC 4 regime due to its holding by another SIIC), SIICInvest is specialised in holding offices, business premises and shopping centre assets. SIICInvest is 89.65% owned by Icade at 30th June 2009.

At 30th June 2009, SIICInvest's turnover stood at 5.3 million euros against 5.0 million euros at 30th June 2008. This change is the combination of several elements:

- +0.3 million euros related to changes in consolidation of which 0.1 million euros correspond to the delivery in the 1st half 2009 of the warehouse in Strasbourg and 0.1 million euros to the extension of the warehouse in Sennecé les Macon.
- +0.3 million euros resulting essentially from rent indexing (6.5%).
- (0.3) million euros related to the departure of tenants from the Tour Arago in La Défense and from Saint Quentin Fallavier in Isère.

Net rent at 30th June 2009 totalled 4.9 million euros, compared to 4.7 million euros at the same period in 2008.

Rented floor space as at 30th June 2009 represented 99,176 m² of offices and business premises, a financial occupancy rate of 84.4%, down compared to 30th June 2008 (95.7%). This change can be explained by the commissioning in the 1st half of 2009 of the warehouse in Strasbourg (27,900 m²), marketed at 30th June 2009.

At 30th June 2009, the Operating Profit of SIICInvest amounted to a loss of 0.8 million euros compared to 2.5 million euros at 30th June 2008. This deterioration can be explained essentially by the charges related to impairment amounting to 2.8 million euros, of which 1.3 million euros related to the Tour Arago.

SIICInvest's investments in the 1st half of 2009 stood at 5.6 million euros and are broken down as follows:

- 2.7 million euros corresponding to the final works before delivery of the warehouse in Strasbourg.
- 0.4 million euros corresponding to the remainder of works on the warehouse in Sennecé les Macon in Saône et Loire.
- 2.5 million euros of restructuring works in the warehouse of Saint Quentin Fallavier in Isère.

## 1.3 Commercial Property Investment Division – Business Parks Business

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| *Turnover* | *43.6* | *39.4* | *10.7%* |
| *EBITDA* | *36.3* | *32.2* | *12.7%* |
| | | | |
| *Operating profit/loss* | *14.7* | *18.2* | *(19.2)%* |

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| *Rental income* | *43.5* | *39.4* | *10.4%* |
| *Rental charges not reinvoiced* | *(1.6)* | *(2.2)* | *27.3%* |
| *Property charges* | *(2.2)* | *(2.4)* | *12.5%* |
| *Net rent* | *39.7* | *34.8* | *14.1%* |
| *Net rent / rental income* | *91.3%* | *88.4%* | |
| | | | |
| *Other revenue* | *0.1* | *0.0* | *100.0%* |
| *Depreciation charges net of grants* | *(14.7)* | *(14.3)* | *(2.8)%* |
| *Charges and reversals related to impairment* | *(4.2)* | *0.3* | *(150.0)%* |
| *Profit/loss from disposals* | *(2.8)* | *0.1* | *(290.0)%* |
| *Other charges and income* | *(3.4)* | *(2.7)* | *(25.9)%* |
| *Operating profit/loss* | *14.7* | *18.2* | *(19.2)%* |

At 30th June 2009, **turnover** from the Business Parks business stood at 43.6 million euros, compared to 39.4 million euros at 30th June 2008, representing an increase of 10.7%, of which 10.3% on a like-for-like basis.

This increase of 4.2 million euros is the result of a combination of the following factors:

- +1.6 million euros in additional rent stemming from
  - the rental of Building 520 to Télécity Redbus in March 2008 (+0.4 million euros)
  - the rental of Building 210 to Visual TV in June 2008 (+0.3 million euros)
  - the rental of a space in Millénaire 2 to Nokia (+0.5 million euros)
- +2.5 million euros corresponding essentially to rent indexing (6.3%).

The rented floor space represented 418,646 m² of premises (compared to 407,396 m² at 30th June 2008), giving an 85.5% **financial occupancy rate** at 30th June 2009, compared to 88.3% at 30th June 2008. The reduction in the occupancy rate is predominantly due to departures from floor space in 2009:

- Departure of the tenant Fnac Direct from Building 267 in May 2009 (4,200 m² – 0.8 million euros in annual rental income).
- Building 026: departure of the tenant Club Méditerranée in May 2009 (0.4 million euros in annual rental income).

At 30th June 2009, the average office rent reached 287 euros per m². At the same date, the average rent for business premises and warehouses amounted to 155 euros per m².

**Net rent** at 30th June 2009 totalled 39.7 million euros, compared to 34.8 million euros at the same period in 2008.

The following table shows, at 30th June 2009, the land area, rentable built floor area and the financial occupancy rate for each of the seven main business parks:

| | Land area (in ha) | Rentable built floor area (in m²) | Financial occupancy rate (30th June 2009) |
|---|---|---|---|
| Parc Pont des Flandres | 5.2 | 76 806 | 98.1% |
| Parc des Portes de Paris (Saint Denis) | 16.3 | 68 119 | 89.4% |
| Parc des Portes de Paris (Aubervilliers) | 32.5 | 242 774 | 85.8% |
| Quartier du Canal - Business Centre | 6.7 | 10 827 | 100.0% |
| Parc du Mauvin | 3.7 | 21 916 | 100.0% |
| Quartier du Canal - Shopping Centre (in planning) | 7.2 | | |
| Parc du Millénaire (lots 1 and 2) | 7.2 | 58 287 | 61.9% |
| TOTAL | 78.8 | 478 730 | 85.5% |

Operating Profit for "Business parks" stood at 14.7 million euros at 30th June 2009 against 18.2 million euros at 30th June 2008.

This reduction of 3.5 million euros is the result of a combination of the following factors:

- +4.1 million euros from the improvement in EBITDA related to the increase in turnover,
- (4.2) million euros of charges related to impairment on various assets,
- (4.8) million euros of survey fees for abandoned projects,
- +2.1 million euros of income to be received by our insurer to reimburse an accident taking place in July 2008.

The following table shows the amounts spent on maintenance, refurbishment and development of its assets at 30th June 2008 and 2009.

| Amount excluding tax (million euros) | 30/06/2009 | 30/06/2008 |
|---|---|---|
| Maintenance | 0.1 | 0.6 |
| Renovation / fixed assets | 6.3 | 9.4 |
| Development / fixed assets | 2.3 | 34.8 |

Investments on "Business Parks business" in the 1st half of 2009 amounted to 8.6 million euros and principally concern renovation works on business parks.

Disposals of the "Business Parks business" amounted to 0.2 million euros and concern the abandoning of tangible assets.

Customers and leases:

8 new leases (excluding renewals and short-term rentals of under 12 months) were signed in the 1st half of 2009 relating to 5,100 m² (i.e. 1.2 million euros of rent in a full year). These concern principally the marketing of 2,500 m² in Millénaire 2 to the company Saint Louis Sucre (0.8 million euros in a full year).

9 tenants left or cancelled, corresponding to 7,200 m² over a total of 424 leases at 30th June 2009. This represents a gross loss of rent of 1.4 million euros in a full year. Note that of the 9 departures or cancellations, 2 leases were re-let in 2009, corresponding to 550 m².

In the 1st half of 2009, 15 lease renewals were recorded, representing 29,350 m². There is very little impact on rental income, but the renewals have increased the average term of leases between 31st December 2008 and 30th June 2009.

The main customers of business parks carry out very varied activities, which guarantees the healthy dispersion of the tenant risk: audio-visual (Euromédia Group, AMP), e-business (Interxion, Télécity-Redbus), fashion and distribution (Afflelou, Kookai), leisure (Club Med and Pierre et Vacances), Industry and Research (Rhodia), public (Ministry of Justice), other (Oddo Finance, Publicis Events).

Furthermore, Icade also maintains a certain diversity within its parks, of offices, business premises and wholesale trade.

Leases granted by Icade's "Business Parks" division since 2003 include for annual rent indexing according to changes in the building costs index published by INSEE.

In respect of all its leased assets, Icade has about 10 significant tenants, together representing annual rent of 41.5 million euros at 30th June 2009, nearly 48% of the total value of rental income.

The following table shows, on an annual basis, the number of leases coming to an end and the value of the rent (as Group quota share) accounted for in 2009 for each type of lease affected. This table shows the diversified nature of the tenant risk in business parks.

| Year | No. of leases affected | Value of rent accounted for in 2009 (in millions of euros) |
|---|---|---|
| 2009 | 192 | **7.9** |
| 2010 | 93 | **11.2** |
| 2011 | 80 | **10.8** |
| 2012 | 41 | **5.7** |
| **2013 and following** | **18** | **7.9** |

## 1.4 Commercial Property Investment Division – Amenities Business

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| *Turnover* | *26.9* | *11.0* | *144.5%* |
| *EBITDA* | *23.7* | *8.9* | *166.3%* |
| | | | |
| *Operating profit/loss* | *15.2* | *7.0* | *117.1%* |

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| *Rental income* | *26.5* | *10.9* | *143.1%* |
| *Rental charges not reinvoiced* | *0.0* | *0.0* | *0.0%* |
| *Property charges* | *(0.6)* | *(0.3)* | *(100.0)%* |
| *Net rent* | *25.9* | *10.6* | *144.3%* |
| *Net rent / rental income* | *97.7%* | *97.4%* | |
| | | | |
| *Other revenue* | *0.4* | *0.1* | *300.0%* |
| *Depreciation charges net of grants* | *(8.4)* | *(1.8)* | *(366.7)%* |
| *Charges and reversals related to impairment* | *0.0* | *0.0* | *0.0%* |
| *Profit/loss from disposals* | *0.0* | *0.0* | *0.0%* |
| *Other charges and income* | *(2.7)* | *(1.9)* | *(42.1)%* |
| *Operating profit/loss* | *15.2* | *7.0* | *117.1%* |

**Turnover** from the "Public and Healthcare Amenities" business rose to 26.9 million euros at 30th June 2009 compared to 11.0 million euros at 30th June 2008.

This increase of 15.9 million euros is the result of several different factors:

- +15.7 million euros related to changes in the consolidation such as:
  - 15.0 million euros generated by clinics acquired in 2008,
  - 0.6 million euros resulting from the police station in Meaux delivered in 2008,
  - 0.1 million euros resulting from the nursery in Blagnac delivered in 2008,

- +0.3 million euros corresponding to rent indexing, that is an average, on a like-for-like basis, of 5.7%.
- (0.4) million euros related to the application of IAS 17 standard (decline in rents) and the impact of the renegotiation of payment terms for rents in the building in Levallois.

At 30th June 2009, rented floor space represented 307,541 m² of premises. The **financial occupancy rate** was almost 100%.

**Net rent** from "Public and Healthcare Amenities" at 30th June 2009 comes out at 25.9 million euros. The very favourable nature of this business where for most leases major maintenance/renovation charges and expenses are contractually paid for by the tenant should be noted (net triple rent).

**Operating Profit** from the "Public and Healthcare Amenities" business stood at 15.2 million euros at 30th June 2009 against 7.0 million euros at 30th June 2008.

**Investments** in the "Public and Healthcare Amenities" business in the 1st half of 2009 amounted to 36.0 million euros, and can be broken down as follows:

- 20.9 million euros in extension works for clinics assets,
- 8.2 million euros for the acquisition of the Brétéché clinic in Nantes,
- 6.9 million euros in investments related to PPP activity.

These new acquisitions form part of Icade's investment strategy for the health sector (strategy to constitute an attractive portfolio in terms of net return with several operators, therefore a satisfactory tenant risk) and give it full nationwide coverage, like the operation with Générale de Santé concluded in July 2008, with a total portfolio of 2,767 beds for a floor space of around 222,000 m².

## 1.5 Commercial Property Investment Division - Shops and Shopping Centres Business

| (in millions of euros) | 30/06/2009 | 30/06/2008 | Variation |
|---|---|---|---|
| Turnover | 3.8 | 4.0 | (5.0)% |
| EBITDA | 3.4 | 3.7 | (8.1)% |
| | | | |
| Operating profit/loss | (0.1) | 1.7 | (105.9)% |

| (in millions of euros) | 30/06/2009 | 30/06/2008 | Variation |
|---|---|---|---|
| Rental income | 3.8 | 4.0 | (5.0)% |
| Rental charges not reinvoiced | 0.0 | 0.0 | 0.0% |
| Property charges | (0.2) | (0.2) | 0.0% |
| Net rent | 3.6 | 3.8 | (5.3)% |
| Net rent / rental income | 94.5% | 94.4% | |
| | | | |
| Other revenue | 0.0 | 0.0 | 0.0% |
| Depreciation charges net of grants | (2.1) | (2.0) | (5.0)% |
| Charges and reversals related to impairment | (1.4) | 0.0 | (100.0)% |
| Profit/loss from disposals | 0.0 | 0.0 | 0.0% |
| Other charges and income | (0.2) | (0.1) | (100.0)% |
| Operating profit/loss | (0.1) | 1.7 | (105.9)% |

**Turnover** from the "Shops and Shopping Centres" business was 3.8 million euros at 30th June 2009 against 4.0 million euros at 30th June 2008. This is a result of the 34 property assets purchased on 1st January 2008 from the Mr Bricolage group, which remains the operator within an agreement dating 2006.

The rents received are made up of a guaranteed minimum rent and a variable share depending on the turnover generated by the tenants in the premises. The downward revision of the 2008 turnover actually generated by the tenants had an impact of 0.2 million euros on the turnover of the "Shops and Shopping Centres" business in the 1st half of 2009.

At 30th June 2009, rented floor space represented 131,719 m² of business premises and the financial occupancy rate was 100%.

Net rent at 30th June 2009 totalled 3.6 million euros, compared to 3.8 million euros at the same period in 2008.

The operating result amounts to a loss of 0.1 million euros at 30th June 2009, down 1.8 million euros of which 1.4 million euros for charges related to impairment.

Icade made 34.9 million euros of investments net of disposals during the 1st half of 2009, as follows:

- Investments reached 37.3 million euros, relating to:
  - 13.2 million euros for the share of the off-plan construction of Odysseum, in partnership with the company Klépierre, with a view to the construction of a shopping centre in Montpellier. The off-plan contract was signed in February 2007. The delivery of the asset is scheduled for the second half of 2009.
  - 24.1 million euros for the share of the investments in the shopping centre in Aubervilliers.
- Disposals amounted to 2.4 million euros and can be broken down as follows:
  - 1.5 million euros related to the disposal of the shop DAX,
  - 0.3 million euros related to the disposal of the Abbeville land,
  - 0.6 million euros in addition to the sale price of a shop in Laval in 2007.

## 1.6 Residential Property Division

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| *Turnover* | *90.5* | *98.6* | *(8.2)%* |
| *EBITDA* | *40.7* | *47.4* | *(14.1)%* |
| *EBITDA / Turnover* | *44.9%* | *48.1%* | |
| | | | |
| *Operating profit/loss* | *142.4* | *85.4* | *66.7%* |

| *Main indicators* | *30/06/2009* | *30/06/2008* |
|---|---|---|
| *Net rent* | *49.4* | *52.5* |
| *Free rent (€/m²/month)* | *7.34* | *6.67* |
| *Subsidised rents (€/m²/month)* | *5.73* | *5.42* |
| *Average free rent (€/m²/month)* | *7.19* | *6.44* |
| *Average re-letting rent in the free sector* | *10.23* | *10.04* |
| *Financial occupancy rate* | *95.3%* | *96.2%* |
| *Turnover rate* | *8.4%* | *7.9%* |
| *Block disposals (in Paris and the regions)* | | |
| *. number* | *1 982* | *1 021* |
| *. average sale price per m²* | *1 132 €* | *895 €* |
| *Individual disposals (in Paris and the regions)* | | |
| *. number* | *133* | *107* |
| *. average sale price per m²* | *2 126 €* | *1 858 €* |

In its press release of 30th June 2009, Icade announced that it had entered into exclusive negotiations for the sale of a significant portion of its housing assets, after having received an offer from a consortium made up of the Société Nationale Immobilière (SNI, a subsidiary of the Caisse des Dépôts), major local public-housing authorities and social housing investors in the Paris region. This offer is subject to confirmatory due diligence and to secured financing, as well as the approval of the consortium members' boards and/or oversight authorities. The consortium has also pledged to retain staff attached to these assets, as well as administrative personnel necessary for managing these assets.

Net rent at 30th June 2009 for the assets concerned by the exclusivity is as follows:

| (in millions of euros) | 30/06/2009 |
|---|---|
| Assets concerned by the offer from the consortium or under commitment (26,034 units) | 41.8 |
| Assets to be transferred to joint structures with the SNI (6,647 units) | 7.0 |
| | 48.8 |

Assets at 30th June 2009 were made up of 33,536 housing units. 2,115 housing units have been sold, of which 1,225 and 890 respectively during the 1st and 2nd quarters of 2009.

| | Q1 2009 | Q2 2009 |
|---|---|---|
| *Block sales* | | |
| *. number* | *1 165* | *817* |
| *. average sale price per m²* | *1 094 €* | *1 181 €* |
| *Individual sales* | | |
| *. number* | *60* | *73* |
| *. average sale price per m²* | *2 164 €* | *2 097 €* |

## 2. Property development

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| *TURNOVER* | *499.3* | *524.3* | *(4.8)%* |
| *Residential Property Development* | *253.5* | *276.7* | *(8.4)%* |
| *Commercial Property Development* | *250.1* | *251.5* | *(0.6)%* |
| *Inter-business development* | *(4.3)* | *(3.9)* | ***(10.3)%*** |
| | | | |
| *EBITDA* | *27.3* | *36.8* | *(25.8)%* |
| *Residential Property Development* | *3.2* | *15.6* | *(79.5)%* |
| *Commercial Property Development* | *24.1* | *21.2* | *13.7%* |
| *Inter-business development* | *0.0* | *0.0* | ***0.0%*** |
| | | | |
| *OPERATING PROFIT/LOSS* | *25.3* | *26.1* | *(3.1)%* |
| *Residential Property Development* | *3.0* | *7.0* | *(57.1)%* |
| *Commercial Property Development* | *22.3* | *19.1* | *16.7%* |
| ***Inter-business development*** | ***0.0*** | ***0.0.*** | ***0.0%*** |

### 2.1 General data

Main indicators and business guidelines at 1st half 2009

- Turnover: 499.3 million euros, down 4.8% compared to the 1st half of 2008
- Housing: 2,565 net reservations for housing units and building plots, that is +19.4% by volume compared to the 1st half of 2008 (2,148 reservations)

  459.4 million euros incl. tax for reservations of housing units and building plots, that is +17.9% by value compared to the 1st half of 2008

Low level of unsold completed inventory: 210 housing units at end June representing 33.5 million euros in turnover, down compared to 31st December 2008 (216 housing units, that is turnover of 46.6 million euros)

Housing backlog at end June: 581.6 million euros

Strategy for renewing the residential portfolio oriented towards first-time home ownership, "Scellier" investments, block sales to social housing companies (ESH) and owning a principal residence at controlled prices.

Commercial Property Development

Adjustment of the commercial portfolio to the needs and conditions of users

Active participation in consultations for PPP and project management assistance launched by the public sector

## 2.2 Turnover 1st half 2009

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| *Residential Property Development* | *253.5* | *276.7* | *(8.4)%* |
| *Commercial Property Development* | *250.1* | *251.6* | *(0.6)%* |
| *. Public and Healthcare Amenities* | *71.7* | *88.1* | *(18.6)%* |
| *. Commercial* | *102.1* | *76.0* | *34.3%* |
| *. Shops* | *46.7* | *56.1* | *(16.8)%* |
| *. Project management assistance* | *18.4* | *16.3* | *12.9%* |
| *. Engineering* | *10.6* | *14.1* | *(25.1)%* |
| *. Other* | *0.6* | *1.0* | *(40.0)%* |
| *Inter-business development* | *(4.3)* | *(3.9)* | *10.3%* |
| | *499.3* | *524.4* | *(4.8)%* |

The Icade Property Development division registered turnover of 499.3 million euros in the 1st half of 2009. This figure is down 4.8% compared to turnover of the same period in 2008.

Turnover of the Residential Property Development is affected by the fall in reservations in 2008 and the deferment of construction start-ups, leading to a drop in its half-yearly business of 8.4% to 253.5 million euros.

Reservations have grown 19.4% by volume compared to the first half of 2008, principally due to block sales and the first-time home ownership market.

ICADE PROPERTY DEVELOPMENT’S initiative at the end of 2008 for social housing investors allowed it to reserve over 1000 housing units. The residential sector thus recorded 2,565 net reservations of new housing units and building plots during the half year. The stock disposal rate came out at 9.17%.

Turnover from Commercial and Public Property Development reached 238.9 million euros, stable compared to the 1st half of 2008, of which:

- 102.1 million euros for the commercial sector, up 34%, under the effect of the operation in Villejuif (30.9 million euros) and the development of operations in the regions (42.9 million euros).
- 46.7 million euros for the shopping centre sector, which includes the programme for the construction of the Odysseum shopping centre in Montpellier, which will be delivered in September 2009.
- 71.7 million euros for the Public and Healthcare Amenities sector, down 19% compared to the first half of 2008. Given the acceleration in projects scheduled for the second half (Saint Nazaire in particular), the turnover for the year should be stable compared to 2008.
- 18.4 million euros for the Services business (project management assistance and surveys) up 13% compared to the 1st half of 2008.

In Engineering, turnover amounted to 10.6 million euros, that is a fall of 25% compared to the 1st half of 2008, given the economic climate.

## 2.3 Details per business division

### 2.3.1 Housing business

Reservations of new housing and building plots

| | 30/06/2009 | 30/06/2008 | Variation |
|---|---|---|---|
| *Number of housing reservations* | *2 418* | *2 002* | *20.8%* |
| *Housing reservations in millions of euros (incl.tax)* | *449.8* | *389.5* | *15.5%* |
| *Housing withdrawal rate* | *24%* | *19%* | |
| *Number of building plot reservations* | *147* | *146* | *0.7%* |
| *Building plot reservations in millions of euros (inc.tax)* | *9.6* | | |

Net reservations registered during the 1st half of 2009 have grown 19.4% compared to the first half of 2008:

New housing reservations amounted to 2,418 units, up 20.8% compared to the first half of 2008. By value, housing reservations totalled 449.8 million euros, up 15.5%.

The housing development business is stable by volume with 147 lots reserved against 146 in the 1st half of 2008.

The withdrawal rate came out at 24%, an improvement on the overall rate for 2008 (26%), whilst remaining greater than that of the 1st half of 2008 (19%).

Average sale price and average floor space on reservation

| | 30/06/2009 | 30/06/2008 |
|---|---|---|
| *Average price (incl.tax) per habitable m2 (€/m$^2$)* | *3 013* | *3 791* |
| *Average budget (incl.tax) per housing unit (€k)* | *186.0* | |
| *Average floor space (m$^2$)* | *61.6* | |

The average budget for housing units reserved over the half year amounts to €186k.

The fall in the average price (incl.tax) per m$^2$ (from €3,791 to €3,013 per m$^2$) observed, can be explained in particular by the decline in sales prices, but also by the impact of block sales, notably those made with social housing investors with VAT of 5.5%.

### 2.3.2 Commercial, Shops, Healthcare and Amenities division

The Commercial business:

- The general context of the commercial investment market in France and Europe severely deteriorated in the 1st half of 2009. After a fall of 54% between 2007 and 2008, the market tumbled again with a 74% fall in the volume of investments in Europe between the 1st quarter of 2008 and the 1st quarter of 2009 (source: Cushman and Wakefield).
- In two years, the market fell from 260 billion euros (2007) to 120 billion euros (2008) then to 24 billion euros in the 1st half of 2009 in Europe, of which 2.6 billion for France.
- Returns continued to rise, between 6.0% and 7.0% for offices in the central business district of Paris and around 8% in the regions.
- In the Paris region, demand on the rental market fell by 27% in the 1st half of 2009, to 862,618 m$^2$, essentially concentrated on surfaces of below 4,000m$^2$. The share of demand for surfaces of more than 4,000m$^2$ fell from 43% to 8% in one year.

The Shops business:

The Shops division finalised sale of the Odysseum shopping centre in Montpellier and began marketing Le Millénaire shopping centre in Aubervilliers. Projects in Nîmes, north-east Paris, Montrabé near Toulouse, and Marseille are also in the study or development stage.

The Public and healthcare amenities development business:

This business recorded turnover of 71.7 million euros, over 34 operations.

It is also worth noting the start of the Property Development contract for the hospital complex in Saint Nazaire.

At 30th June 2009, Icade held a project portfolio in "Offices and shopping centres" Commercial Property Development of about 660,726 m² (595,000 m² at 31st December 2008) which breaks down into 201,907 m² (209,000 m² at 31st December 2008) of projects under way i.e. turnover still to be perceived in the region of 84.4 million euros (212 million euros at 31st December 2008), of which 63% for property investment (35% at 31st December 2008) and 458,819 m² (386,000 m² at 31st December 2008) of projects at the initial development stage i.e. turnover in the region of 722 million euros (784 million euros at 31st December 2008). The latter consist of projects not yet delivered for which either a promise of sale of land for the proposed building (in the case of an off-plan project), or a preliminary contract with the investor customer or user (in the case of a CPI project), or a partnership agreement for a joint operation has been signed. Some may have planning permission, applied for or obtained (with or without appeals resolved) and others may not.

The main projects under way are summarised in the following table:

| | Total rounded floor area (in m² Net Usable Floor Area) | Type of structure (offices, shops, etc.) | Location | Type of operation | Buyer | Expected completion date |
|---|---|---|---|---|---|---|
| Toulouse AZF (50%) | 41 416 | Laboratories | Toulouse | CPI | Pierre Fabre | 2009 |
| Odysseum (77%) | 50835 | Shopping centre | Montpellier | OFF PLAN SALE | Icade / Casino | 2009 |
| Clichy (50%) | 17 500 | Offices | Clichy | OFF PLAN SALE | Mines de la Lucette | 2009 |
| Villejuif ilot 3 | 21 201 | Offices | Villejuif | CPI | ICADE | 2010 |
| Villejuif ilot 4 | 8 555 | Offices | Villejuif | CPI | ICADE | 2010 |
| Lyon Thiers | 15 833 | Offices | Lyon | OFF PLAN SALE | Generali | 2009 |
| Toulouse Cap Constellation | 12 998 | Offices | Toulouse | OFF PLAN SALE | UBS | 2009 |
| Lyon Valeo | 14 769 | Offices | Lyon | OFF PLAN SALE | Crédit Suisse | 2009 |
| Colomiers Colombe Parc | 8 600 | Offices | Colomiers | OFF PLAN SALE | UBS | 2009 |
| Nice Méridia Tranche 1 (50%) | 10 200 | Offices | Nice | CPI | Cogedim Office Partners | 2010 |
| Total | 201907 | | | | | |

The main projects at the initial development stage, with controlled land and building permits applied for or obtained, are summarised in the following table:

| | Total rounded floor area (in m² Net Usable Floor Area) | Type of structure (offices, shops, etc...) | Location | Type of operation | Expected completion date |
|---|---|---|---|---|---|
| Le Perreux (72.5%) | 11 000 | Offices | Le Perreux | OFF PLAN SALE | **2011** |
| Villejuif ilot 1 | 10 839 | Offices | Villejuif | CPI | **2011** |
| Pyrénées * | 29 840 | Offices | Paris | OFF PLAN SALE /CPI | **2013** |
| Saint Denis (50%) | 22 221 | Offices | Saint Denis | CPI | **2012** |
| Lyon VAISE | 6 270 | OFFICES | LYON | CPI | **2010** |
| Choisy tr 1 * | 33 078 | OFFICES | CHOISY LE ROI | CPI | **2012** |
| Villejuif 6 | 22 000 | Offices | Villejuif | CPI | **2011-2012** |
| Marseille Capelette 25% | 59 303 | Offices and shopping centres | Marseille | OFF PLAN SALE | **2013** |
| Bordeaux Ravesies * | 3 243 | Offices | Bordeaux | OFF PLAN SALE | **2010** |
| Lille Euralille lot E 2 * | 2 264 | Offices | Lille | OFF PLAN SALE | **2012** |
| Toulouse Blagnac Daurat * | 17 160 | Offices | Toulouse | OFF PLAN SALE | **2012** |
| **Total** | **217 218** | | | | |

** Property developments without an investor and thus with irreversible commitment*

The main projects at the initial development stage, with controlled land but without planning permission, are summarised in the following table:

| | Total rounded floor area (in m² Net Usable Floor Area) | Type of structure (offices, shops, etc...) | Location | Type of operation | Expected completion date |
|---|---|---|---|---|---|
| Toulouse Zone Nord (50%) | 15 000 | Offices | Toulouse | OFF PLAN SALE | **2013** |
| Zac de Rungis | 19 000 | Offices | Paris | CPI | **2013** |
| Choisy le roi TR2 | 44 600 | Offices | Choisy le Roi | CPI | **2013** |
| JOINVILLE | 9 426 | Offices | Joinville | OFF PLAN SALE | **2011** |
| CACHAN RN20 | 11 960 | Shopping centre | CACHAN | OFF PLAN SALE | **2012** |
| CACHAN DESMOULINS | 8 500 | Offices | CACHAN | OFF PLAN SALE | **2012** |
| Macdonald -Passage du Nord | 31 614 | Shopping centre | Paris | CPI | **2013** |
| Nîmes Retail Parc (50%) | 27 500 | Shopping centre | Nîmes | OFF PLAN SALE | **2012** |
| Borderouge | 7 432 | Offices | Toulouse | OFF PLAN SALE | **2013** |
| **Bordeaux Armagnac** | **9 350** | **Offices** | **Bordeaux** | **OFF PLAN SALE** | **2011** |
| Nice Méridia tr2 50% | 8 535 | Offices | Nice | CPI | **2012** |
| Nice Méridia tr3 50% | 9 965 | Offices | Nice | CPI | **2013** |
| Nice sophia amadeus | 10 619 | Offices | Nice | OFF PLAN SALE | **2012** |
| Montrabé 50% | 28 100 | Shopping centre | Toulouse | OFF PLAN SALE | **2012** |
| **Total** | **241 601** | | | | |

At 30th June 2009, all floor space under development was sold. Some 63% of floor space at the initial development stage is without an investor, with an irreversible commitment of 78.8 million euros (excluding tax).

Note for the 1st half of 2009:

- The rental to LCL of the entire Villejuif development (60 000 m²); LCL will gradually install its head office in this new business area.
- The delivery of Lyon Pixel (13,385 m2 of offices – investor LB IMMO INVEST)

At 30th June 2009, Icade's project portfolio in the "Public and Healthcare" Property Development field represented 230,379 m² (271,286 m² at 31st December 2008) of projects under way, including 164,422 m² (199, 613m² at 31st December 2008) for PPP, and 32,750 m² (89,922 m² at 31st December 2008) of projects at the initial development stage, of which 0 m² (25,659 m² at 31st December 2008) for PPP.

At 30th June 2009, the principal operations under way were as follows:

| Operations under way | Rounded floor area (m² Net Usable Floor Area) | Type of structure | Set up | Location | Expected completion date |
|---|---|---|---|---|---|
| Hospital complex in Saint Nazaire | 92 000 | Public & healthcare amenities | CPI | Saint Nazaire | 2012 |
| Hospital complex in Nancy | 30 748 | Hospital | CPI | Nancy | 2010 |
| Secondary school in NOYERS | 5000 | School | CPI | Noyers | 2009 |
| Secondary school in Avallon | 7330 | School | CPI | Avallon | 2009 |
| Tecnicampus Le Mans | 12650 | Training centre | CPI | Le Mans | 2010 |
| Hospital complex in Pontoise | 7 844 | Hospital | CPI | Pontoise | 2009 |
| High schools in Guyana (3) | 21 500 | Public & healthcare amenities | CPI | Guyana | 2009 |
| Général Lasalle (Paris 19th arrondissement) | 7 783 | Public & healthcare amenities | CPI | Paris | 2010 |

During the half year, 52.2 million euros were signed in CPI or off-plan sales such as:

CPI Saint Aignan – Daher signed on 08/06/09 for €6,950,000 excl.tax

CPI EHPAD des 5 sens signed on 02/06/09 for €7,583,000 excl.tax

CPI St Nazaire – Saint Nazaire hospital complex signed on 21/04/09 for €7,995,000 excl.tax

CPI Laundry, CHU hospital, Toulouse signed in April 2009 for €2,821,000 excl.tax

CPI Lomme – Helene Borel signed on 16/04/09 for € 10,226,000 excl.tax

Off-plan sale – Offices Zac St Cosme signed with Chantim on 29/04/09 for €3,103,500 excl.tax

Service and project-owner support business:

40 new contracts were signed for a total of 7.4 million euros, of which 4.2 million euros for the study contract of the Princess Grace hospital complex in Monaco.

The policy of mandates and PPP was revised to ensure improved performance for the Group; the medical-social activity is in full development.

## 2.4 Results at 30th June 2009

| (in millions of euros) | 30/06/2009 | 30/06/2008 | Variation |
|---|---|---|---|
| TURNOVER | 499.3 | 524.3 | (4.8)% |
| Residential Property Development | 253.5 | 276.7 | (8.4)% |
| Commercial Property Development | 250.1 | 251.5 | (0.6)% |
| Inter-business development | (4.3) | (3.9) | **(10.3)%** |
| | | | |
| EBITDA | 27.3 | 36.8 | (25.8)% |
| Residential Property Development | 3.2 | 15.6 | (79.5)% |
| Commercial Property Development | 24.1 | 21.2 | 13.7% |
| Inter-business development | 0.0 | 0.0 | **0.0%** |
| | | | |
| OPERATING PROFIT/LOSS | 25.3 | 26.1 | (3.1)% |
| Residential Property Development | 3.0 | 7.0 | (57.1)% |
| Commercial Property Development | 22.3 | 19.1 | 16.7% |
| **Inter-business development** | **0.0** | **0.0.** | **0.0%** |

The operating profit of the property development division came out at 25.3 million euros, or 5% of turnover, slightly down on figures from the 1st half of 2008 (26.2 million euros), reflecting the good level of profitability of operations underway and the cautious provisioning policy of the property reserves and risky operations carried out at the end of 2008.

EBITDA is down 9.4 million euros (5.5% of turnover) to 27.3 million euros, due to the deterioration of housing activity (-12.4 million euros) and the delay in half-year turnover from Engineering -3.1 million euros). On the contrary, results from the Commercial, Shops, Healthcare and Amenities division have risen 6.1 million euros due in particular to the improvement in margins on the Odysseum, Claude Bernard, Porte de Clichy and Samicade operations.

The operating profit is positively affected by the reversal of provisions on operations launched for around 6.8 million euros, and negatively affected by the allocations to depreciation of client contracts for Icade Promotion Logement for 6.6 million euros.

# 3. Property services

The strategy for the Property services division, announced at the end of 2008, consists in refocusing on service activities which include real synergies with the developer-REIT activities and which have greater profitability. It was carried out in the 1st half of 2009 with success:

- The property management for individuals business was sold in the 1st half of 2009 as had been announced by management.
- The facilities management business is currently at the advanced sale stage, the promise of purchase having been signed by the TFN group - final sale will take place by the end of the summer.

After an open and transparent competitive process, Icade is proud to have found partners which will ensure the development of these two entities in their respective markets.

At the same time, Icade has structured its services business to facilitate management and synergies. The business is now based on three profit centres (consulting and expertise, operating serviced residences and property management) with the aim of reaching profitability at the best market standards.

| (in millions of euros) | 30/06/2009 | 30/06/2008 restated(*) | 30/06/2008 | Variation Vs 2008 restated |
|---|---|---|---|---|
| TURNOVER | 92.9 | 102.7 | 102.7 | (9.5)% |
| Target activities | 51.0 | 51.3 | 41.6 | (0.6)% |
| Consulting and expertise | 14.0 | 16.6 | 11.9 | (15.7)% |
| Serviced residences | 21.7 | 19.9 | 19.9 | 9.0% |
| Property Management | 17.4 | 16.9 | 9.9 | 2.9% |
| Inter-business services | (2.1) | (2.1) | (0.1) | 0.0% |
| | | | | |
| Activities undergoing sale | 41.9 | 51.4 | 61.1 | (18.7)% |
| Property management for individuals | 18.1 | 17.9 | 28.6 | 1.1% |
| Facilities management | 23.8 | 33.5 | 32.5 | (29.2)% |
| | | | | |
| EBITDA | (0.6) | 6.0 | 6.0 | (110.0)% |
| Target activities | 3.1 | 7.3 | 6.3 | (56.7)% |
| Consulting and expertise | 0.6 | 3.7 | 2.7 | (86.5)% |
| Serviced residences | 1.8 | 3.3 | 3.3 | (42.4)% |
| Property Management | 0.7 | 0.3 | 0.3 | 100.0% |
| Inter-business services | 0.0 | 0.0 | 0.0 | 0.0% |
| | | | | |
| Activities under sale | (3.7) | (1.3) | (0.3) | (184.6)% |
| Property management for individuals | (0.1) | (0.3) | 0.7 | 66.7% |
| Facilities management | (3.6) | (1.0) | (1.0) | (260.0)% |
| | | | | |
| OPERATING PROFIT/LOSS | (1.4) | 4.4 | 4.4 | (131.8)% |
| Target activities | 2.3 | 6.7 | 5.8 | (64.2)% |
| Consulting and expertise | 0.4 | 3.6 | 2.5 | (88.9)% |
| Serviced residences | 1.6 | 3.0 | 3.0 | (46.7)% |
| Property Management | 0.3 | 0.1 | 0.2 | 100.0% |
| Inter-business services | 0.0 | 0.0 | 0.0 | 0.0% |
| | | | | |
| Activities undergoing sale | (3.7) | (2.3) | (1.4) | (65.2)% |
| Property management for individuals | (0.3) | (0.7) | 0.2 | 42.9% |
| Facilities management | (3.4) | (1.6) | (1.6) | (125.0%) |

*(*) For a better readability of the change in the division's activities, data at 30th June 2008 relative to business, subject to a transfer within the division in 2008, was restated and presented in coherence with classifications of 30th June 2009. These restated figures do not affect the overall data of the Property Services division.*

At 30th June 2009, turnover from Property Services stood at 92.9 million euros compared to 102.7 million euros at 30th June 2008, the fall being observed principally on activities under sale.

The EBITDA at 30th June 2009 represents a loss of 0.6 million euros. However, if we isolate those activities which are scheduled to stay within Icade's scope, this gives a figure of 3.1 million euros, confirming the relevance of the strategy (in effect, 3.7 million euros lost result from property management for individuals and facilities management – Cf. § 3.4 -).

The conditions of this profitability and the future growth are gradually implemented with a strengthening of synergies with the property investment and property development businesses and the start-up of production processes which aim to increase the profitability of property management and the operation of serviced residences.

Operating Profit for service activities stood at (1.4) million euros at 30th June 2009 against 4.4 million euros at 30th June 2008. However, this result is positive, amounting to 2.3 million euros, if we take into consideration only those activities retained.

## 3.1 Consulting and expertise

| (in millions of euros) | 30/06/2009 | 30/06/2008 (*) | Variation |
|---|---|---|---|
| Turnover | 14.0 | 16.6 | (15.6)% |
| EBITDA | 0.6 | 3.7 | (83.8)% |
| EBITDA margin | 4.3% | 22.3% | |
| | | | |
| Operating profit/loss | 0.4 | 3.6 | (88.9)% |

The 1st half of 2009 is marked by a stagnant property market, reflected by a strong fall in transactions.

Beyond transactions, consultants are seeing sustained activity thanks to the public sector, which compensates the wait-and-see attitude of the private sector. Thus, the volume of orders registered remains sustained overall over the period (around 9 million euros at 30th June 2009).

EBITDA amounts to 0.6 million euros at 30th June 2009, that is a fall of 3.1 million euros, essentially due to the impact of the fall in transactions.

## 3.2 Serviced residences

| (in millions of euros) | 30/06/2009 | 30/06/2008 (*) | Variation |
|---|---|---|---|
| Turnover | 21.7 | 19.9 | 9.0% |
| EBITDA | 1.8 | 3.3 | (45.5)% |
| EBITDA margin | 8.3% | 16.6% | |
| | | | |
| Operating profit/loss | 1.6 | 3.0 | (46.7)% |

In France,

The growth in turnover is the result of two factors with the opposite effect:

- Growth in the student residence management business with an increase of 1.8 million euros, essentially due to the new residences delivered at the end of 2008 of which 7 in France for 998 lots. With nearly 13,000 lots, the activity generates a turnover of 21.7 million euros, of which 17 million in France,
- A fall in turnover notably on the sale of furniture. In 2008, the number of new residences handed over allowed us to generate a higher level of turnover.

The EBITDA of this business is strongly affected in France by the increase in rents indexed on the ICC (construction cost index), which has risen by over 20% over three years. Thus, the increase in rents guaranteed to owners of residences has not been able to be passed on proportionately to the students. Consequently, EBITDA has fallen from 3.3 million euros at 30th June 2008 to 1.8 million euros at 30th June 2009. However, corrective actions to allow a better control of the change in rents paid have been implemented. Furthermore, the process is being industrialised to provide profitability.

Abroad,

Against the backdrop of the current economic and property cycles, our Spanish business, which manages and invests in university residences, is resisting the economic crisis in Spain despite a contraction in the para-hotel business and has contributed to generating a net profit of 0.3 million euros at 30th June 2009.

## 3.3 Property Management

| *(in millions of euros)* | *30/06/2009* | *30/06/2008 Restated (*)* | *Variation* |
|---|---|---|---|
| *Turnover* | *17.4* | *16.9* | *3.0%* |
| *EBITDA* | *0.7* | *0.3* | *133.3%* |
| *EBITDA margin* | *4.0%* | *1.8%* | |
| | | | |
| *Operating profit/loss* | *0.3* | *0.1* | *200.0%* |

In France,

The objective to improve the margin of the Property Management business is underway, even though it is important to remain cautious because of the possible deterioration of the level of fees due to their indexing on rents received for the owners. In addition, the strategy to win over new clients paid off in the 1st half year as turnover rose, with an increasing operational margin at 30th June 2009.

Thus, the EBITDA at 30th June 2009 amounted to 0.7 million euros, up 0.3 million euros compared to 30th June 2008, despite the significant fall in financial income related to business compared to 30th June 2008 given the general reduction in rates during the 1st half of 2009.

Abroad,

Despite a drop in activity partially due to increased selectivity of the client portfolio and vigorous restructuring and rationalisation measures in terms of costs and staff, Icade Italy reached breakeven point, with a net profit of 0.1 million euros at 30th June 2009, compared to a loss of 0.2 million euros at 30th June 2008.

## 3.4 Activities under sale

As indicated in its press release of 23rd June 2009, Icade and the TFN group announced that they had reached an agreement for the sale of Icade Eurogem, Icade's facilities management subsidiary for the sum of 18 million euros. This agreement remains subject to the authorisation of the competition authorities and the tacit approval of the Minister for the Economy, Industry and Employment.

The Facilities Management business, at 30th June 2009 contributed to Icade's consolidated turnover and consolidated EBITDA, to the sum of 23.8 and (3.6) million euros respectively.

A reduction in turnover of 9.7 million euros is observed on the French facilities management entities; 94% of this fall is related to heating activities sold in 2008.

The French part of the property management business for individuals which represents turnover and EBITDA of 18.1 and (0.1) million euros respectively at 30th June 2009, was sold at the end of June 2009 to Provicis Immobilier for the sum of 24.1 million euros.

# 4. Other

"Other" activities consist of the Icade Group's so-called "head office" charges and eliminations of Icade's intra-group operations.

"Other" turnover stood at (88.7) million euros at 30th June 2009 and mainly corresponds to the elimination of turnover related to intra-group operations.

The property company purchased:

- Commercial property: off-sale contracts of the Commercial Property Development division: Villejuif, Odysseum Shopping Centre in Montpellier. 53.0 million euro impact on turnover as at 30th June 2009.
- Residential property: Off-plan sales and CPI from the Residential property development division, included in the exclusivity agreement signed with the consortium. 19.5 million euro impact on turnover as at 30th June 2009.

"Other" operating profit totalled (12.8) million euros at 30th June 2009. It can be broken down as follows:

- (13.3) million euros in margin eliminations on Icade's intra-group operations,
- (4.2) million euros from the negative contribution of Icade's charges, a 2.5 million euro improvement on 30th June 2008. The sharp fall in structural costs between 2008 and 2009 which is the fruit of a set of measures taken during 2009 concerning in particular human resources and general overheads.
- 4.9 million euros in profit from disposals, of which 6.2 million euros in capital gains on the sale of shares from Icade Administration de Biens and 1.3 million euros in additional fees, undertaken during the 1st half of 2009, with a view to the sale of the Facilities Management business.

## 5. Results for the first-half of 2009

### 5.1 Financial result

At 30th June 2009, Icade produced a financial result of (51.3) million euros against (40.0) million euros at 30th June 2008. This change stems mainly from an increase in the average value of gross financial debt.

### 5.2 Tax charge

The tax charge for the 1st half of 2009 amounts to (9.5) million euros, down 12.3 million compared to the same period of 2008. The tax charge of the 1st half of 2008 included 12.3 million euros of non-recurrent charges, analysed as follows:

- 10.1 million euros related to the provision of the leasing of the "Business parks" division and the leasing held by Icade Bricolage to companies who have opted for the SIIC regime,
- 2.2 million euros corresponding to the exit tax charge following the option for the SIIC regime by a company dedicated to healthcare.

### 5.3 Group share of net profit

After taking the above factors into account, Group share of net profit stood at 111.5 million euros at 30th June 2009 (against 91.5 million euros at 30th June 2008).

# III – REVALUED NET ASSET VALUE AT 30th JUNE 2009

At 30th June 2009 the net asset value at replacement value amounted to 4,609.4 million euros, or 94.6 euros per share, fully diluted and 4,236.6 million euros liquidation value, or 86.9 euros per share fully diluted.

## A - VALUATION OF PROPERTY ASSETS

### 1. Summary of appraisal values of Icade's assets

Group assets work out at 6,424.0 million euros excluding rights against 6,952.3 million euros at the end of 2008, a variation de -528.3 million euros over the 1st half of 2009 (-7.6%). On a like-for-like basis, after neutralising investments and disposals for the period, the half-yearly variation in portfolio value stands at -584.2 million euros, i.e. a fall of 8.6% compared with 31st December 2008.

| Portfolio value in €m excluding rights (1) | 30/06/09 | 31/12/08 | Variation (€m) | Variation (%) | Variation (€m) on a like-for-like basis (2) | Variation (%) on a like-for-like basis (2) |
|---|---|---|---|---|---|---|
| Residential Property division | 2 524.7 | 2 935.3 | -410.6 | -14.0% | -324.0 | -11.6% |
| Commercial Property division | 3 899.3 | 4 017.0 | -117.7 | -2.9% | -260.2 | -6.5% |
| **Portfolio value of property assets** | **6 424.0** | **6 952.3** | **-528.3** | **-7.6%** | **-584.2** | **-8.6%** |

(1) According to the companies in the consolidation at 30/06/09 (100% consolidation of assets consolidated by the full consolidation method and up to the percentage of interest for other consolidated assets).
(2) Net variation in disposals and investments in the year.

Icade's property assets are valued by independent surveyors. Property valuations were entrusted to CB Richard Ellis Valuation in respect of all Group property assets with the exception of:

- the residential property division for which properties are valued by CB Richard Ellis Valuation and Foncier Expertise,
- the properties of the office property division, the Pont de Flandre park and three clinics, which are valued by CB Richard Ellis Valuation and Jones Lang LaSalle,
- assets of Icade Bricolage which are valued by Jones Lang LaSalle.

The work of the surveyors, whose principal valuation methods and conclusions are set out below, is carried out in accordance with professional standards, specifically:

- the Charter of Property Valuation, 3rd edition, published in June 2006;
- the so-called "Barthès de Ruyter" COB (French Stock Exchange Commission) (AMF) report of 3rd February 2000 on the valuation of property assets of companies making public issues;
- internationally, the Tegova European valuation standards (The European Group of Valuers' Association) published in 2000 in English and translated into French in 2005, as well as the standards of the Red Book of the Royal Institution of Chartered Surveyors (RICS).

These various texts lay down the qualifications of valuers, principles of good conduct and code of ethics as well as basic definitions (values, floor area, rates as well as the main valuation methods).

The values are established including rights and excluding rights, those including rights are determined after deduction of rights and document charges and calculated on a set basis by the surveyors. In the event of buildings valued by two surveyors, the valuation used corresponds to the average of the two values.

According to procedures in force within the Group, virtually all Icade's assets were valued on 30th June 2009, with the exception of:

- buildings in the process of arbitrage including those which are under a promise of sale when accounts were closed and are valued on the basis of the contract selling price; in particular buildings of the Residential Property Investment division were valued at 30th June 2009 on the basis of the offer formulated by the consortium made up of the SNI, major local public-housing authorities and social housing investors in the Paris region (see developments in paragraph §2).

- buildings underlying a finance operation (i.e. capital lease or rental with purchase option where Icade is the lender exceptionally) which are held at their cost price or where appropriate the purchase option price shown on the contract; the office block leased by Icade Foncière Publique to the Ministry of the Interior over a 20 year term with a purchase option (LOA) is the only building falling under this category at 30th June 2009;
- public buildings and works held within the framework of a PPP (Public Private Partnership) which are not subject to valuation as ownership ultimately reverts to the State once the concession has terminated. These assets are held at their net book value and are not included in the property assets currently published by Icade;
- buildings acquired on an off plan basis and/or with Group developers and which are also valued at their cost price up to their date of delivery, such as the Villejuif office blocks and Odysseum; these assets are held at their cost price paid on 30th June 2009;
- buildings acquired less than three months before the close of the year or half year, which are maintained at their net book value.

# 2. Residential Property Investment Division

## 2.1 Methodology used

Within the framework of the mandate entrusted to Icade's Chairman and CEO by the Board of Directors of 12th December 2008 to examine the disposal of the entire residential housing division to one or more investors, Icade announced on 30th June 2009 that it had entered into exclusive negotiations after receiving an offer from a consortium made up of the Société Nationale Immobilière (SNI) amongst others. This offer relates to the acquisition of all of the property assets of the Residential Property division, with the exception of:

- 6,647 housing units which would be transferred to joint structures with the SNI, which would ensure management;
- Housing units under joint-ownership, the arbitrage of which will be continued and various assets including land reserves and some ground floor shops.

Although subject to confirmatory due diligence, the assets of the Residential Property division were valued at 30th June 2009 on the basis of the offer made by the consortium. The other assets have been valued following the principles usually used by Icade and are summarised below:

| Typology of the assets of the Residential Property Division | Valuation principles used: as at 30th June 2009 |
|---|---|
| Assets under sale or promise | Price of the offer or promise |
| Assets transferred to joint structures with the SNI | Property valuations at 30th June 2009 (1) |
| Housing units under joint-ownership and other | Property valuations at 30th June 2009 (2) |

(1) As a reminder, the approach used by the surveyors for housing units is the discounted cash flow (DCF) method so as to be able to take into account projected refurbishment expenditure and the expected rent increase within the framework of indexation and the pricing policy (re-letting and Article 17c).
(2) Homes intended to be sold to occupants are valued by the comparison method.

## 2.2 Changes in residential assets

At end June 2009, the overall value of the Residential Property division came out at 2,524.7 million euros excluding rights compared to 2,935.3 million euros at end 2008, a fall of 410.6 million euros (-14%).

| Portfolio value in €m excluding rights (1) | 30/06/09 | 31/12/08 | Variation (€m) | Variation (%) | on a like-for-like basis | on a like-for-like basis |
|---|---|---|---|---|---|---|
| **Residential Property division** | **2 524.7** | **2 935.3** | **-410.6** | **-14.0%** | **-324.0** | **-11.6%** |

This change can be explained principally by the effect of disposals made during the 1st half year and by taking into account the offer made by the consortium for a significant share of residential property assets. The price of this offer is of course lower than the values published at 31st December 2008, as it is a block sale to a consortium and not the price which would have resulted from the separate disposal by units. The difference between the two which represents a "portfolio effect" discount, was calculated at -12.6% for this offer and the disposals under way, that is a discount that is fully consistent with the size of the portfolio and the limited number of potential acquirers (see details in the table below). This discount is all the more coherent given the downward trend of residential market prices during the 1st half of 2009 (according to the Chambre des Notaires de Paris, the average price per m$^2$ for existing apartments in the Paris region dropped 2.8% over the first quarter of 2009).

| Calculation of the portfolio effect discount (in €m) | Value 31/12/08 (1) | Value of the offer price | Difference | Difference (%) |
|---|---|---|---|---|
| **Value of assets at end 2008** | **2 935.3** | **-** | **-** | **-** |
| Assets not concerned by a sale offer (3) | <652.7> | - | - | - |
| Assets sold during the 1st quarter 2009 | <52.6> | - | - | - |
| **Value of assets destined for the consortium and under sale (2)** | **2 230.0** | **1 948.2** | **<281.8>** | **<12.6%>** |

(1) Value excluding rights published at 31/12/08 on the basis on average appraisal values established by CBRE Valuation and Foncier Expertise
(2) Also includes assets outside the consortium under sale at the time of receipt of the offer and/or sold during the 2nd quarter 2009
(3) Mainly includes the assets transferred to joint structures with the SNI and housing units on sale individually

On a like-for-like basis, after neutralising sales and capital expenditure during the 1st half of 2009, the variation in the portfolio value of the Residential division works out at -324.1 million euros (-11.6%).

*Distribution of the assets of the Residential Property Division by use*

| Value of housing property assets by category | Value excluding rights | | Average price €/m² of housing units | Price € / average housing unit |
|---|---|---|---|---|
| | €m | % | | |
| Assets under sale or promise | 1 903.5 | 75.4% | 1 182 | 70 424 |
| Assets transferred to joint structures with the SNI | 419.2 | 16.6% | 1 054 | 60 364 |
| **Sub-total** | **2 322.7** | **92.0%** | **1 156** | **68 316** |
| Housing units under joint-ownership and other | 202.0 | 8.0% | 1 679 | 105 044 |
| **TOTAL** | **2 524.7** | **100.0%** | **n/a** | **n/a** |

At 30th June 2009, the average price per m$^2$ of housing units excluding those under sale to occupants, came out at 1,156 euros. The price of housing units intended for sale to occupants is estimated at 1,679 euros per m$^2$ on average, on the basis of the comparison method.

*Return on assets*

| Value of housing property assets | Value including rights<br>in €m<br>(1) | Value excluding rights<br>in €m<br>(2) | Net rate of return<br>(excluding rights) (3) |
|---|---|---|---|
| Assets under sale or promise | 2 016.3 | 1 903.5 | 4.05% |
| Assets transferred to joint structures with the SNI | 445.2 | 419.2 | 2.96% |
| **Sub-total** | **2 461.5** | **2 322.7** | **3.85%** |
| Housing units under joint-ownership and other | 213.8 | 202.0 | n/a |
| **TOTAL** | **2 675.3** | **2 524.7** | |

(1) Value of assets valued following the principles defined in paragraph 2.1 and after application of rights and document charges calculated on a set basis at the rate of 6.2% for all of assets excluding development projects and property reserves for which a rate of 1.8% is applied
(2) Value of assets excluding rights valued following the principles defined in paragraph 2.1
(3) Net annual rent from housing in relation to their value excluding rights.

Related to their value excluding rights, the net return on housing units amounts to 3.85% on average at end June 2009.

## 3. Commercial Property Investment Division

At 31st December 2008, the overall value of the Commercial Property division came out at 3,899.3 million euros excluding rights at end June 2009 against 4,017.0 million euros at end 2008, a fall of 117.7 million euros (-2.9%).

| Portfolio value in €m | 30/06/09 | 31/12/08 | Variation (€m) | Variation (%) | Variation (€m) on a like-for-like basis | Variation (%) on a like-for-like basis |
|---|---|---|---|---|---|---|
| **Offices Division** | **1 576.4** | **1 653.7** | **-77.3** | **-4.7%** | **-131.4** | **-7.9%** |
| **Business Parks Division** | **1 316.5** | **1 423.2** | **-106.7** | **-7.5%** | **-114.8** | **-8.1%** |
| **Shops and Shopping Centres** | **230.7** | **206.1** | **+24.6** | **+11.9%** | **-2 .7** | **-1.3%** |
| **Amenities Division** | **775.7** | **734.0** | **+41.7** | **+5.7%** | **-11.4** | **-1.5%** |
| **Total Commercial property division** | **3 899.3** | **4 017.0** | **-117.7** | **-2.9%** | **-260.2** | **-6.5%** |

By neutralising the impact of investments and disposals carried out in the 1st half of 2009, the variation in the value of Commercial Property assets amounts to -6.5% on a like-for-like basis. This fall in value shows the very good resistance of Commercial Property assets with regard to the market trends observed on the property investment market during the 1st half of 2009.

By value, this portfolio is predominantly located in the Paris region, which represents nearly three-quarters of the portfolio, with the majority in Paris and the Inner Ring. The buildings situated in Paris and La Défense alone represent 36% of the total. Assets situated in Germany represent 9.1% of the portfolio.

| Value of commercial property assets by geographic sector | Value excluding rights €m | | Variations €m | Variations €m on a like-for-like basis | Variations % on a like-for-like basis |
|---|---|---|---|---|---|
| | 30/06/09 | 31/12/08 | | | |
| Paris CBQ | 339 | 380 | -41 | -41 | -10.8% |
| Paris (excluding CBQ) | 623 | 704 | -81 | -81 | -11.5% |
| La Défense | 426 | 472 | -46 | -55 | -11.6% |
| West Quadrant | 363 | 374 | -11 | -24 | -6.6% |
| Inner Ring | 1 021 | 999 | +22 | -30 | -3.0% |
| Outer Ring | 132 | 134 | -2 | -2 | -1.9% |
| **Sub-total Paris region** | **2 904** | **3 063** | **-159** | **-233** | **-7.6%** |
| Rest of France | 640 | 588 | +52 | -16 | -2.7% |
| Germany | 355 | 366 | -11 | -11 | -3.0% |
| **TOTAL** | **3 899** | **4 017** | **-118** | **-260** | **-6.5%** |

Below, the principal valuation methods used by the surveyors are listed along with the values at 30th June 2009 for each of the property portfolios making up the Commercial Property division: Offices, Business Parks, Shops and Shopping Centres and Amenities.

## 3.1 Commercial Property Investment Division - Offices

### 3.1.1 Methodology used by the surveyors

Investment office blocks are valued by surveyors by two methods: the revenue method (the surveyor using the net rent capitalisation or discounted cash flow method, whichever is the most appropriate) and cross checking using the method of direct comparison with the prices of transactions in the market on equivalent assets in terms of nature and location (unit, in block or per building prices).

The net revenue capitalisation method consists of applying a rate of return to a revenue, whether that revenue is established, existing, theoretical or potential (market rental value). This approach may be carried out in different ways according to the revenue basis considered (actual rent, market rent, net revenue) to which different rates of return correspond.

The discounted cash flow method is the same as described above. Whether the capitalisation or discounting method is used, valuation calculations are carried out on a lease by lease basis except in special cases or where there is a justified exception.

For operational buildings (head office in particular) these are valued at the value of a building in service leased under market conditions on the date of the survey (in other words, operational buildings, particularly those used as offices, are not considered to be vacant and internal leases are not taken into account).

### 3.1.2 Changes in office assets

This primarily comprises office blocks belonging to the Office Property division as well as all the property assets of SIICInvest and Icade REIT in Germany. After applying the survey methods described in the previous paragraph, the overall value of this portfolio comes out at 1,576.4 million euros excluding rights at end June 2009 against 1,653.7 million euros at end 2008, i.e. a decline of 77.3 million euros (-4.7%).

| Portfolio value in €m | 30/06/09 | 31/12/08 | Variation (€m) | Variation (%) | Variation (€m) on a like-for-like basis | Variation (%) on a like-for-like basis |
|---|---|---|---|---|---|---|
| Office Property (excluding shopping centre) | 1 074.0 | 1 135.9 | -61.9 | -5.4% | -109.3 | -9.6% |
| SIICInvest | 147.5 | 151.3 | -3.8 | -2.5% | -10.5 | -6.9% |
| Icade REIT | 354.9 | 366.5 | -11.6 | -3.2% | -11.6 | -3.2% |
| Offices Division | 1 576.4 | 1 653.7 | -77.3 | -4.7% | -131.4 | -7.9% |

Icade made 54 million euros of maintenance and development investments in its office assets during the 1st half of 2009. By neutralising the impact of these investments, the variation in the portfolio value of office assets at end June 2009 comes to -131.4 million euros on a like-for-like basis, i.e. -7.9%.

This variation can be explained, for some -81 million euros, by the increase in rates of return and discount rates used by the surveyors given the change in the property market over the 1st half year. This fall is also explained by the revision of possible business plans for the buildings for -51 million euros (e.g. changes in rent, renegotiating leases coming to an end, work plans, etc.).

*Geographic distribution of office assets*

| Value of office property assets by geographic sector | Value excluding rights | |
|---|---|---|
| | €m | % |
| Paris - Central Business Quarter (CBQ) | 339 | 21.5% |
| Paris (excluding CBQ) | 17 | 1.1% |
| Paris - La Défense | 426 | 27.0% |
| West Quadrant (Hauts-de-Seine) | 193 | 12.3% |
| Inner ring (excluding Hauts-de-Seine) | 151 | 9.6% |
| Outer ring | 7 | 0.4% |
| TOTAL Paris region | 1 133 | 71.9% |
| Rest of France | 88 | 5.6% |
| Germany | 355 | 22.5% |
| TOTAL | 1 576 | 100% |

In terms of value, the Office Property portfolio is primarily located in the Paris region which represents 71.9% of the portfolio, the buildings located in Paris and La Défense alone representing half of the whole. 22.5% of the assets are located in Germany and held by Icade REIT.

*Return on assets and reversion potential:*

| Value of office property assets | Value including rights in €m (1) | Value excluding rights in €m (2) | Net rate of return (excluding rights) (3) | Average price €/m² (4) |
|---|---|---|---|---|
| Paris CBQ | 360 | 339 | 6.3% | 9 654 |
| Paris (excluding CBQ) | 18 | 17 | 7.7% | 4 110 |
| La Défense | 453 | 426 | 8.6% | 4 567 |
| West Quadrant | 93 | 88 | 8.0% | 5 378 |
| Inner ring | 69 | 68 | 6.5% | 4 721 |
| Outer ring | 7 | 7 | 9.3% | 607 |
| **Total Paris region** | **1 000** | **944** | **7.6%** | **5 419** |
| Rest of France | 92 | 88 | 9.0% | 837 |
| Germany | 284 | 273 | 7.1% | 1 896 |
| **TOTAL** | **1 376** | **1 305** | **7.6%** | **3 083** |
| Property reserves and projects under development (5) | 280 | 271 | n/a | n/a |
| **TOTAL** | **1 656** | **1 576** | | |

(1) Rights inclusive of value of office assets established from average appraisal values at 30.06.09.
(2) Rights exclusive of valuation of office assets established from the average of appraisal values at 30.06.09.

(3) Net annualised rents of rented floor space added to potential net rents of vacant floor areas at market rental value in relation to the rights exclusive appraisal value of rentable floor areas.
(4) Established in relation to appraisal value excluding rights.

(5) Primarily includes land and development projects in Germany (Arnulfstrasse 61 in Munich, Goldsteinstrasse in Frankfurt, Mercedesstrasse in Düsseldorf, Hohenzollerndamm and Salzufer in Berlin and Ahrensdorf in Ludwigsfelde), as well as acquisitions of offices in Villejuif (Avenue de Paris)

The return on buildings in the Offices Division was 7.6% at end June 2009 with a reversion potential valued at -1.1% according to the market rental values estimated by CB Richard Ellis Valuation.

## 3.2 Commercial Property Investment Division - Business Parks

### 3.2.1 Methodology used by the surveyors

The property assets of the business parks consist of built assets in use as well as property reserves and building rights for which property projects have been identified and/or are in the process of development.

The built assets in use of the business parks are valued by the surveyors using the same methods as for offices (see above § 3.1). In the case of property reserves and buildings under development, the valuation principles for these assets are detailed below. It should be noted that their area of application extends to all of Icade’s property assets and not only buildings in business parks, even though the latter account for a significant proportion of property projects under development within Icade’s assets.

*Special case: buildings under development on own land*

The notion of buildings under development covers an extremely vast diversity of situations and the question is currently not particularly well covered by regulatory or professional texts. Only the accounting treatment of this class of assets is covered by a specific assignment, depending on the applicable regime. Before explaining the principal methods used in valuing these assets a preamble lists the main categories of buildings under development on the understanding that each category may itself cover several variants:

*Principal categories of assets under development*

(1) Property reserves
This category of assets covers large property units which are only partially provided with services, where the ability to build is sometimes subject to additional development and may not be implemented globally and immediately (question of delay in obtaining authorisations, need to carry out development work, problem of absorption by the market). These reserves can be valued since they constitute an asset, but with a certain amount of prudence in the light of the conditions described above.

(2) Building land or building rights
This second category relates to medium sized individual property units marketable as such on the market in an urban or suburban location, serviced and able to be built on in the medium term.

(3) Residual building land
Residual building land is building land not used by individual plots already containing buildings. Residual building land can also be valued from the moment it can legally and technically be built on, subject to the rights of any tenants in the buildings and related town planning constraints.

(4) Buildings under development
Buildings under development cover building land with authorisations such as demolition permit, planning permission, CDEC authorisation, where the exit horizon is usually within a period of two to four years with a degree of risk and revaluation which changes with time until such time as the building is delivered, marketed and put into service.

(5) Buildings under redevelopment
Buildings under redevelopment relate to individual plots containing buildings, whether occupied or not, which were originally considered as investment properties but which either due to a town planning decision or a strategic decision of the owner, fall into the “redevelopment” category (tenant leaving or evicted, demolition and redevelopment works).

*Valuation methods used by surveyors for buildings under development*

For the purposes of calculating the revalued NAV, projects under development are valued on the basis of a clearly identified and documented project, as soon as planning permission can be examined and implemented. Insofar as they were originally valued as investment properties, buildings “under development” or “under reconstruction” can be valued on the basis of their future following approval by Icade’s undertakings committee.

The methods used by surveyors in valuing projects under development primarily include the method produced on the basis of a developer balance sheet and/or DCF, supplemented if necessary by the comparison method (see details of both methods above).

The method established on the basis of a developer balance sheet consists of producing the financial balance sheet for the project according to the approach of a property developer to whom the land has been offered. From the selling price of the building on delivery, the surveyor deduces all the costs to be incurred, building costs, fees and margin, financial expenses as well as the amount that could be assigned to the land charge.

Whichever method is selected, it is ultimately up to the surveyors to set a value and discount rate in line with the risks inherent in each project and in particular the stage of progress of the various authorisation and building phases (demolition permit, planning permission, appeals, progress of works, any pre-marketing or rental guarantee). From the exit value, the surveyors must explain which procedure they followed in estimating the degree of risk and revaluation attaching to the building in the light of the circumstances under which they work and the information made available to them.

### 3.2.2 Changes in the assets of Business Parks

The market value of the assets of business parks resulting from the methods described above was 1 1,316.5 million euros excluding rights at 30th June 2009 against 1,423.2 million euros at 31st December 2008, i.e. a reduction of -106.7 million euros (-7.5%).

| Portfolio value of property assets in €m | 30/06/09 | 31/12/08 | Variation (€m) | Variation (%) | Variation (€m) on a like-for-like basis | Variation (%) on a like-for-like basis |
|---|---|---|---|---|---|---|
| Parc du Pont de Flandres | 319.0 | 385.8 | -66.8 | -17.3% | -68.7 | -17.8% |
| Parc des Portes de Paris | 455.7 | 478.2 | -22.5 | -4.7% | -24.5 | -5.1% |
| Parc du Millénaire | 280.5 | 294.1 | -13.6 | -4.6% | -14.4 | -4.9% |
| Parc le Mauvin | 34.0 | 38.2 | -4.2 | -10.8% | -4.2 | -11.0% |
| Parc Pilier Sud | 25.5 | 26.7 | -1.1 | -4.2% | -1.2 | -4.3% |
| Parc CFI | 126.4 | 130.5 | -4.2 | -3.2% | -1.1 | -0.9% |
| Other | 75.4 | 69.7 | +5.7 | +8.2% | -0.7 | -1 .0 % |
| Business Parks Division | 1316.5 | 1 423.2 | -106.7 | -7.5% | -114.8 | -8.1% |

Icade made 8 million euros of maintenance and development investments in its Business parks during the 1st half of 2009.

On a like-for-like basis, after neutralising investments for the half-year, the value of Icade's business parks has fallen by 114.8 million euros, i.e. by 8.1%. This variation can be explained, for some 25 million euros, by the increase in rates of return and discount rates used by the surveyors, and for some 90 million euros by the revision of possible business plans for the buildings (e.g. work plans, changes in rent, renegotiating leases coming to an end, etc.).

*Geographic breakdown of assets*

| Value of the property assets of business parks | Value excluding rights | |
|---|---|---|
| | €m | % |
| Paris (75) | 600 | 45.6% |
| Saint Denis (93) | 127 | 9.6% |
| Aubervilliers (93) | 590 | 44.8% |
| TOTAL | 1 317 | 100% |

The value of the parks located in Seine-Saint Denis (93) accounts for about 55% of the total value of the business parks with those located in Paris accounting for the remaining 45% (Parc du Pont de Flandres and Parc du Millénaire).

*Return on assets and reversion potential:*

| Value of property assets of business parks | Value including rights in €m (1) | Value excluding rights in €m (2) | Net rate of return (excluding rights) (3) | Average price €/m² (4) |
|---|---|---|---|---|
| Parc du Pont de Flandre | 319 | 301 | 7.2% | 4 000 |
| Parc des Portes de Paris | 471 | 445 | 8.5% | 2 023 |
| Parc Pilier du Sud | 27 | 25 | 9.1% | 973 |
| Parc CFI | 131 | 125 | 7.6% | 2 022 |
| Parc du Millénaire | 239 | 235 | 8.2% | 4 024 |
| Parc du Quartier du Canal | 17 | 16 | 9.6% | 1 479 |
| Parc le Mauvin | 36 | 34 | 8.7% | 1 553 |
| **TOTAL** | **1 240** | **1 181** | **8.0%** | **2 490** |
| Assets under development (5) | 138 | 136 | n/a | n/a |
| **TOTAL** | **1 378** | **1 317** | | |

(1) Appraisal value, including rights, of business park assets at 30.06.09.

(2) Appraisal value excluding rights of business park assets at 30.06.09 (after deduction of rights and document charges calculated on a set basis by surveyors).

(3) Net annualised rents of rented floor space added to potential net rents of vacant floor areas at market rental value in relation to the rights exclusive appraisal value of rentable floor areas.

(4) Established in relation to appraisal value excluding rights.

(5) Includes in particular buildings under reconstruction (Parc du Pont de Flandre: Building E028, Parc des Portes de Paris: buildings E114, E262, E291, Parc du Quartier du Canal: Buildings 323 and 324), development projects (Parc du millénaire: buildings 3 & 4) and land acquired in 2008.

The return on business park assets works out at 8.0%, the reversion potential of the portfolio being estimated at 2.1% according to the market rental values used by CB Richard Ellis Valuation.

## 3.3 Commercial Property Investment Division – Shops and Shopping Centres

### 3.3.1 Methodology used by the surveyor

Generally speaking the approach used by property surveyors to value shopping centres is identical to that used for offices (see above), except for special cases (e.g. local shopping centres). Icade's shopping centres consist of two projects under development, one located in Aubervilliers and formerly owned by Icade EMGP, and the other in Montpellier (Odysseum) and acquired on an off plan basis from Icade Tertial (delivery scheduled for 2010). Both projects are being developed on the basis of a 50/50 partnership with Klépierre. Their valuation follows the principles used for projects under development and off plan acquisitions as described above. This asset class also includes the portfolio of walls of the Mr Bricolage shops acquired at 01 January 2008. These are valued by the net income capitalization method cross-checked against the discounted cash flow method.

### 3.2.2 Changes in Shops and Shopping Centre assets

At 30th June 2009, the overall value of shopping centre assets came out at 230.7 million euros excluding rights against 206.1 million euros at end 2008, a rise of 24.6 million euros.

After restating development costs incurred during the year on both shopping centre projects, the variation in the annual value of shops and shopping centres amounts to -2.7 million euros over the half-year (-1.3%). This variation can be explained, for some -8 million euros, by the increase in the rates of return and discount rates used by the surveyors. Nevertheless, this fall is partly compensated by an improvement in the possible business plans of the buildings, for +5 million euros (e.g. work plans, changes in rents, etc.).

*Geographic breakdown of assets:*

| Value of office shopping centre assets | Value excluding rights | |
|---|---|---|
| | €m | % |
| Paris (75) | 7 | 3.0% |
| Inner Ring | 72 | 31.3% |
| TOTAL Paris region | 79 | 34.2% |
| Rest of France | 152 | 65.8% |
| TOTAL | 231 | 100% |

*Return on assets*

| Value of office shopping centre assets | Value including rights in €m (1) | Value excluding rights in €m (2) | Net rate of return (excluding rights) (3) | Average price €/m² (4) |
|---|---|---|---|---|
| Paris | 7 | 7 | 7.3% | 2 757 |
| Rest of France | 93 | 87 | 8.6% | 676 |
| TOTAL | 100 | 94 | 8.5% | 715 |
| Projects under development (5) | 141 | 137 | n/a | n/a |
| TOTAL | 241 | 231 | | |

(1) Appraisal value, including rights, of shopping centre assets at 30.06.09.

(2) Appraisal value excluding rights of shopping centre assets at 30.06.09 (after deduction of rights and document charges calculated on a set basis by surveyors).
(3) Annualised rents, net of non-recoverable charges, of assets related to their appraisal value excluding rights.

(4) Established in relation to appraisal value excluding rights.
(5) Shopping centres in Aubervilliers and Odysseum.

The net return on the shopping centre portfolio came to 8.5% at 30th June 2009.

## 3.4. Commercial Property Investment Division - Amenities

### 3.4.1 Methodology used by the surveyors

The property portfolio of Amenities is principally composed of clinics and healthcare establishments and one office building in Levallois Perret (92).

The buildings of the clinics or health establishments which are considered as single use property assets are valued by the surveyors by the rent capitalisation (or rental value) method or by the discounted future cash flow method.

It should be noted that the market value of a hospital is essentially dependent on operation and its ability to generate sufficient turnover to ensure a normal return on the property investment. These buildings fall under the category of “single use” buildings and the value given by the surveyor nevertheless is totally related to its operation and consequently the value of the business. Being unsuitable for use as another business without substantial conversion works, these premises are not subject to renewal rent capping or review, or the traditional rules for determining the rental value, because the configuration and specialisation of the building imposes objective physical limits on the operator (number of beds or rooms etc.) regardless of its qualities.

The market rental value used by the property surveyors is therefore based on taking into account a quota share of average turnover or EBITDA that the establishment made over the last few years of operation, with or without adjustment, in the light of its category, contents, its administrative environment, the quality of its operating structure (price positioning, subsidies, operating accounts…) and any competition. Otherwise, the walls of the establishment could be valued by capitalisation of the rental income advised by Icade.

Icade also owns an office block of about 30,000 m² net usable floor area located in Levallois-Perret (92) and accommodating the departments of the Ministry of the Interior. This building, acquired in 2006 for 179.2 million euros including costs and works, was leased to the Ministry of the Interior over a 20 year period with a purchase option. In the light of the provisions set out in the lease which render this operation similar to property financing and given the quality of the signature of the counterparty, the building was not surveyed. This lease, the net financial value of which worked out at 166.5 million euros as at 30th June 2009, was used in the revalued NAV calculation at a value corresponding to the purchase option price provided in the contract, that is 170.1 million euros.

As indicated previously, public buildings and structures owned by entities holding Public/Private Partnership (PPP) projects are not included in the property assets published by Icade; they are not subject to a market valuation and are held at their net book value in calculating the revalued NAV.

### 3.4.2 Change in Amenities division's assets

The overall value of this portfolio, which corresponds to that formerly held by Icade Foncière Publique, is estimated at 775.7 million euros excluding rights at end June 2009 against 734 million euros at end 2008, a rise of 41.7 million euros.

| Portfolio value of property assets in €m | 30/06/09 | 31/12/08 | Variation (€m) | Variation (%) | Variation (€m) on a like-for-like basis | Variation (%) on a like-for-like basis |
|---|---|---|---|---|---|---|
| Clinics and healthcare establishments | 597.0 | 550.9 | +46.1 | +8 .4% | -6.9 | -1.3% |
| Levallois building | 170.1 | 174.2 | -4.1 | -2 .3% | -4.1 | -2.3% |
| Other | 8.6 | 8.9 | -0.3 | -4.0% | -0.4 | -4.0% |
| **Public & healthcare amenities** | **775.7** | **734.0** | **-41.7** | **+5.7%** | **-11.4** | **-1.5%** |

This change in value is principally due to the acquisition in February 2009 of the Brétéché clinic in Nantes and valued at 27.1 million euros, as well as works carried out during the half-year.

On a like-for-like basis, the value of the portfolio varies by -11.4 million euros, that is -1.5%. This variation can be explained, for some -25 million euros, by the increase in rates of return and discount rates used by the surveyors given the change in the property market over the first half of 2009. This fall is partly compensated by the revision in the possible business plans of the buildings, for +14 million euros (e.g. work plans, changes in rents, etc.).

*Geographic breakdown of assets:*

| Valuation of amenities property assets | Value excluding rights | |
|---|---|---|
| | €m | % |
| West Quadrant | 170 | 21.9% |
| Inner ring (excluding Hauts-de-Seine) | 80 | 10.4% |
| Outer Ring | 125 | 16.1% |
| **TOTAL Paris region** | **375** | **48.4%** |
| **Rest of France** | **400** | **51.6%** |
| **TOTAL** | **775** | **100%** |

*Return on assets*

| Valuation of amenities property assets | Value including rights<br><br>in €m<br>(1) | Value excluding rights<br><br>in €m<br>(2) | Net rate of return<br><br>(excluding rights) (3) | Average price €/m²<br><br>(4) |
|---|---|---|---|---|
| Clinics and healthcare establishments | 614 | 579 | 7.2% | 2103 |
| Other (5) | 196 | 196 | n/a | n/a |
| **TOTAL** | **810** | **775** | | |

(1) Appraisal value, including rights of amenities assets at 30.06.09.

(2) Appraisal value, excluding rights of amenities assets at 30.06.09.

(3) Annualised rents, net of non-recoverable charges, of assets related to their appraisal value excluding rights.

(4) Established in relation to appraisal value excluding rights.
(5) Buildings in Levallois and Périgueux, nursery in Toulouse Blagnac and projects under development

The net return on the clinics portfolio came to 7.2% at 30th June 2009.

## B – VALUATION OF SERVICE AND DEVELOPMENT BUSINESSES

Icade's service and development companies were valued by an independent firm for the purposes of calculating the Net Asset Value. At the end of 2008, the method used by the valuer is essentially based on each company's discounted cash flow (DCF) over the term of their business plan, together with a terminal value based on a normative cash-flow increasing to infinity.

On this basis, at 30th June 2009, the value of the service and development companies corresponded to 429.5 million euros against 484.1 million euros at 1st January 2009, a half-yearly decrease of 11.2%. The value of these companies at 30th June 2009 is distributed between development companies (78%) and services companies (22%).

Among the financial parameters used, the surveyor used an average weighted cost of capital which was down in comparison with the valuation carried out at the end of 2008, working out at 9.37% for all service companies and between 9.37% and 13.75% for development companies. According to the companies, the weighted average cost of capital fell by 80 to 100 bp compared to the previous year, that is 7% to 8%.

The change in value for development and services companies over the year is explained by the sale during the 1st half of 2009 of Icade Administration de Biens (AdB), by the discount rates used by the surveyor and by the updated business plans of the development and services companies over the period 2009-2013 due to the recent change in financial and property markets and their medium-term perspectives.

## C – METHODOLOGY FOR CALCULATING THE NET ASSET VALUE

The Revalued Net Asset Value (NAV) was calculated in terms of replacement value and liquidation value. The replacement NAV corresponds to the consolidated capital and reserves produced in accordance with IFRS, restated with the following elements:

(+) the unrealised capital gain on property assets established on the basis of property surveys, including transfer duty and asset disposal costs. For assets under promises of sale signed during the year, the reference value is that appearing in the promise;

(+) the unrealised capital gain on the values of development and service companies established on the basis of the independent valuation;

(+/-) The positive or negative effects of converting the financial debts not taken into account under IFRS principles into market value (according to IFRS, only derivative financial instruments are shown on the balance sheet at their fair value).

The liquidation NAV corresponds to the replacement NAV adjusted according to the following elements:

(-) transfer duty and disposal costs of the property assets estimated by the property surveyors;

(-) the tax position on unrealised capital gains on buildings (this tax position being limited to unrealised capital gains on assets not eligible for the SIIC regime) and unrealised capital gains on holdings in development and service companies.

The capital and reserves used as a reference for calculating the revalued NAV include the net result for the reference period. The revalued NAV is calculated in terms of Group share and per share diluted, after cancelling any treasury shares and taking into account the diluting impact of stock options.

# D – CALCULATING THE NET ASSET VALUE IN TERMS OF LIQUIDATION VALUE

## 1. Consolidated capital and reserves

At 30th June 2009, the consolidated capital and reserves, Group share, amount to 1,384.9 million euros including a net profit Group share of 111.5 million euros as well as a negative impact of 35.2 million euros of converting into market value the cash flow hedging instruments and securities available for sale.

## 2. Unrealised capital gains on property assets

Unrealised capital gains to be taken into account stem from the valuation of property assets which are still accounted for at cost on the balance sheet. At 30th June 2009, unrealised capital gains excluding rights and expenses amount to 2,715.9 million euros.

## 3. Unrealised capital gains on intangible assets

The valuation of development and services companies was carried out on 30th June 2009 by an independent surveyor. This resulted in an unrealised capital gain of 170.9 million euros which was taken into account in the revalued NAV calculation on 30th June 2009.

## 4. Market value of debt

Pursuant to IFRS rules, derivative financial instruments are accounted for on Icade's consolidated balance sheet at their fair value. Converting fixed rate debt to fair value has a positive impact of 1.7 million euros taken into account in calculating the Net Asset Value.

## 5. Calculation of unrealised tax

The tax liability on unrealised capital gains on buildings not eligible for the SIIC regime is calculated at a rate of 34.43% on the difference between the fair value of the assets and their net book value. This came to 20.1 million euros at 30th June 2009. This tax liability applies primarily to the assets carried by Icade Commerces and the assets of Icade REIT in Germany taxed at 15.8%.

The tax liability on unrealised capital gains on holdings in service and development companies is calculated at a rate of 34.43% for securities held for less than two years and a rate of 1.72% for securities held for more than two years. This amounted to 16.7 million euros at end June 2009.

## 6. Treasury shares and securities providing access to the capital

The number of fully diluted shares taken into account in calculating the Net Asset Value at 30.06.09 was 48,728,262, after cancelling treasury shares. The impact of stock option related dilution, calculated according to the share buy-back method, is zero at 30th June 2009.

The Group share of Net Asset Value in terms of replacement value therefore worked out at 4,609.4 million euros at 30th June 2009, or 94.6 euros per share fully diluted versus 5,351.7 million euros at end 2008 or 109.8 euros per share.

The Group share of Net Asset Value in terms of liquidation value came out at 4,236.6 million euros at 30th June 2009, or 86.9 euros per share fully diluted versus 4,954.1 million euros at end 2008 or 101.6 euros per share fully diluted.

| **Determination of Group share of Net Asset Value in terms of liquidation value (in €m)** | | *Actual*<br>**30/06/09** | *Actual*<br>**31/12/2008** |
|---|---|---|---|
| Group share of consolidated capital and reserves | (1) | 1 384.9 | 1 468.9 |
| Gross unrealised gain on property assets (including rights) | (2) | 3 051.9 | 3 648.5 |
| Unrealised capital gain on development companies | (3) | 117.8 | 164.8 |
| Unrealised capital gain on service companies | (4) | 53.1 | 69.7 |
| Unrealised capital gain on fixed rate debt | (5) | 1.7 | -0.3 |
| **Group share of replacement NAV** | (6)=(1)+(2)+(3)+(4)+/-(5) | **4 609.4** | **5 351.7** |
| Number of fully diluted shares in millions | n | 48.7 | 48.8 |
| **Replacement NAV per share (*Group share - fully diluted in €*)** | (6)/n | **94.6** | **109.8** |
| Duty and charges on disposal of property assets | (7) | 336.0 | 367.8 |
| Tax liability on unrealised capital gain on property assets (excluding rights) | (8) | 20.1 | 22.5 |
| Tax liability on latent capital gain on securities of development companies | (9) | 3.3 | 3.9 |
| Tax liability on unrealised capital gain on securities of service companies | (10) | 13.4 | 3.4 |
| **Group share of liquidation NAV** | (11)=(6)-(7)-(8)-(9)-(10) | **4 236.6** | **4 954.1** |
| Number of fully diluted shares in millions | n | 48.7 | 48.8 |
| **Liquidation NAV per share (Group share - fully diluted in €)** | (12)=(11)/n | **86.9** | **101.6** |
| *Annual growth* | | *-14,5%* | |

The unrealised capital gain net of corporation tax taken into account in the liquidation NAV calculation include the capital gains relative to development and services activities amounting to 6% at 30th June 2009, compared to 7% at the end of 2008.*Variation of the liquidation NAV in euros per share*

| **Liquidation NAV Group share at 31.12.08 (in € per share, diluted)** | **101,6 €** |
|---|---|
| Change in consolidated capital and reserves 31/12/08 - 30/06/09 (Group share) | -1,7 € |
| *- of which dividend paid in 2009* | *-3,3 €* |
| *- of which consolidated profit, Group share, at 30.06.09* | *2,3 €* |
| *- of which variation of fair value of hedging instruments and securities available for sale* | *-0,7 €* |
| *- of which "other"* | *0,0 €* |
| Change in capital gains on property assets | -11,6 € |
| Change in capital gains on development and services companies | -1,3 € |
| Change in unrealised tax on capital gains | -0,1 € |
| Impact of the revaluation of debt at fixed rates not taken into account in IFRS | 0,0 € |
| Impact of number of diluted shares over NAV per share | 0,0 € |
| **Liquidation NAV Group share at 30.06.09 (in € per diluted share)** | **86,9 €** |

As indicated in the table above, the liquidation NAV, group share, is down 14.5% in the first half of 2009, that is -14.7 euros per diluted share.

This change stems mainly from the fall in the value of property assets by 11.6 euros per share, given the portfolio discount related to the block sale of a significant share of the housing portfolio. This fall is nevertheless partly "compensated" by the solidity of the assets of the Commercial Property Investment division which have recorded a relatively contained variation in their value at 30th June 2009 (-6.5% on a like-for-like basis).

The fall in the NAV per share is also due to the negative variation of consolidated capital and reserves, for some -1.7 euro per share, given the full impact on the half year of the annual distribution of the dividend and the consideration of the net profit, group share, over a period of 6 months. It is worth noting that this same variation in consolidated capital and reserves is negatively impacted (for 0.7 euros per share) by the effect of converting to market value the hedging instruments known as “cash flow hedging” according to IFRS.

# IV - FINANCIAL RESOURCES

## A - CASH ASSETS

Financial resources were obtained over the 1st half of 2009 by the renewal and/or setting up of new confirmed lines of credit.

The main financing operations over the 1st half year 2009 were as follows:

- renewal and/or setting up of 230 million euros in short term lines of credit;
- renewal and/or setting up of several lines of bilateral banking credit for a total amount of 132 million euros.

These lines have an average spread of 156 basis points.

Icade has continued its policy of setting up bank financing and was able to benefit from more favourable conditions that the margins observed in its sector.

Backed by its access to liquidity, over 200 million euros of non-drawn down lines of credit are available at 30th June 2009 to ensure the Group’s needs.

## B – STRUCTURE DE L’ENDETTEMENT AU 30 JUIN 2009<}100{>»B – DEBT STRUCTURE AT 30th JUNE 2009

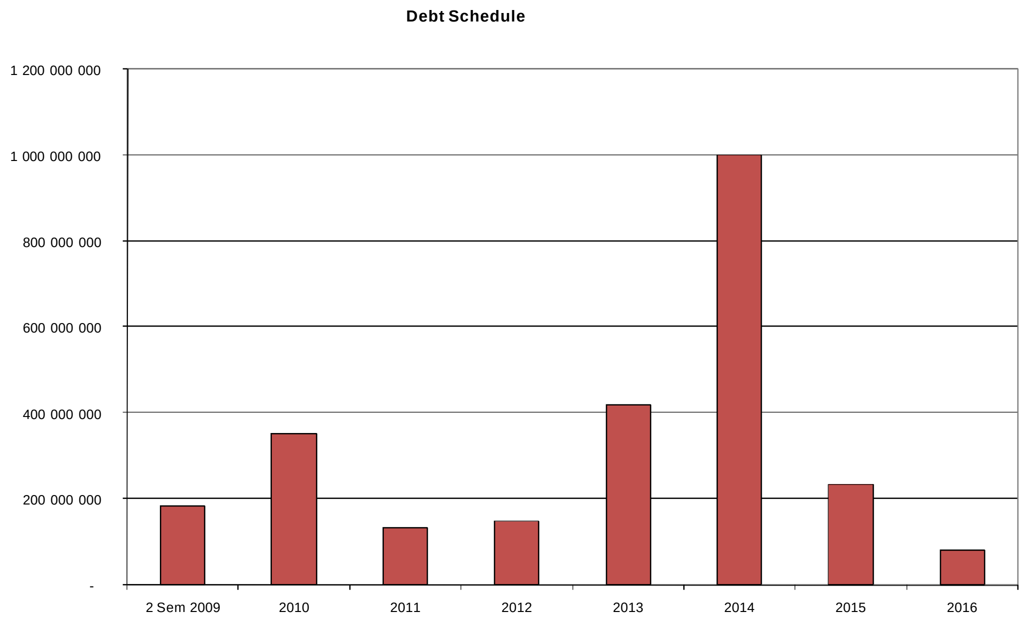
### 1. Debt by type

The gross financial debt of 3,165.1 million euros at 30th June 2009 stood at:

- 2,684.8 million euros;
- 84.3 million euros of mortgage financing and PPD preferential mortgages;
- 99.5 million euros of direct financing leases;
- 49 million euros of other debts (feeder loans …);
- 247.2 million euros of bank overdrafts.
- 0.3 million euros of Bonds Redeemable in Shares (BRS);

Net financial debt amounted to 2717.6 million euros as at 30th June 2009, an increase of 258.8 million euros in comparison with 30th June 2009. This increase can basically be explained by:

- repayment flows for the period: about 56.2 million euros,
- drawdown of 150 million euros in bilateral banking lines, 32.6 million euros in the Icade Santé mortgage line.
- an increase in direct financing leases and loans (acquisition of SCI Socrate, which holds the Brétéché clinic) and the PPP financing for 31.6 million euros,

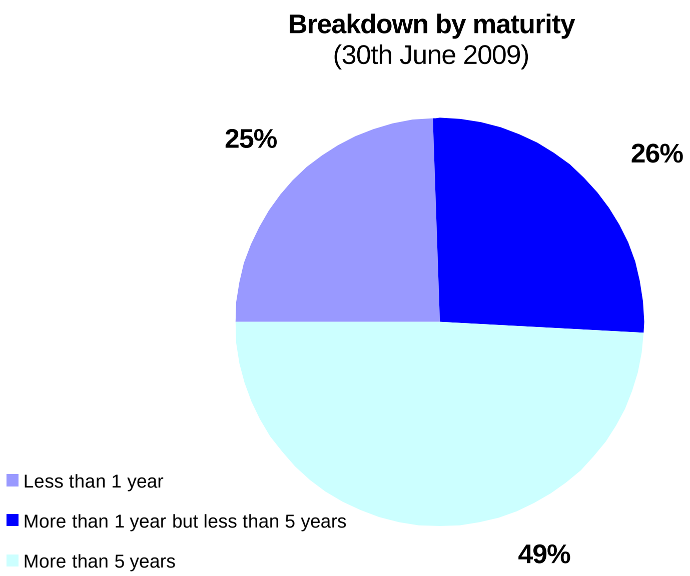



The year 2009 is totally ensured in terms of debt reimbursement, given the liquidity available.

| (in millions of euros) | 2nd half 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|
| Maturity | 184.0 | 350.0 | 133.0 | 147.5 | 418.3 | 1 000.1 | 233.7 | 81.3 |

## 2. Debt by maturity

The maturity of Icade's drawn down debt at 30th June 2009 is show below:

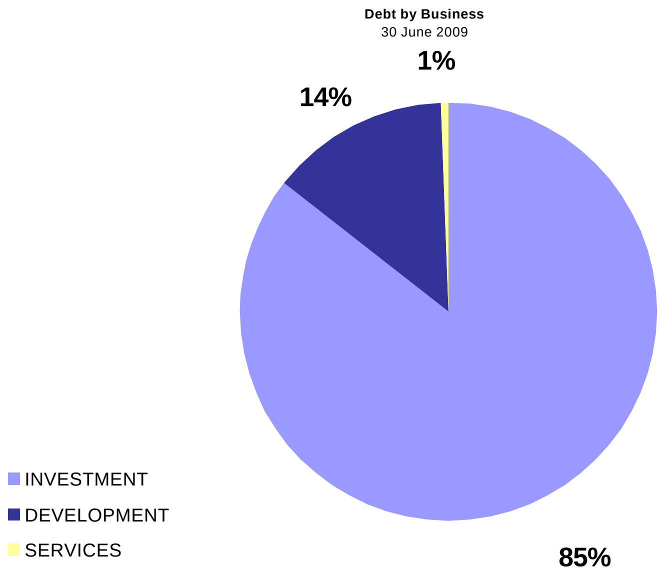


The proportion of debt of less than 1 year has increased given the difficult market conditions and the implementation of a 1 year revolving credit facility, instead of traditional loans. Despite these difficult conditions, more than half of the debt remains at over 5 years, in line with the assets on the balance sheet.

The average term of variable rate debt works out at 4.2 years. That of associated hedging is also close to 4.5 years, a very good correlation with the underlying stock.

## 3. Debt by business

After neutralising intra-Group financing, nearly 85% of the Group's bank debts concern the property investment business and 14% the property development business.




## 4. Average cost of debt

In 2008, the average cost of financing in the 1st half 2009 came to 3.24% before hedging and 4.42% after hedging, against 5.07% and 4.80% respectively in 2008.

Given the hedging in place, Icade's debt cannot benefit from the reduction in interest rates over the period. However, the dynamic management of its interest rate risk allows it to benefit from it in part. Against the backdrop of an uncertain market and with the strong upward pressure of financing margins, Icade has succeeded in controlling its financing cost and maintaining it at a low level.

## C – MARKET RISK MANAGEMENT

The monitoring and management of financial risks are centralised within the Cash and Debt Division of the Finance Department.

The latter reports on a monthly basis to Icade's Risk, Rates, Treasury and Finance Committee on all matters related to finance, investment, rate risk and liquidity management.

## 1. Liquidity risk

Icade has short and medium-term credit facilities to the value of nearly 460 million euros, less than half of which is used. Given the depreciation profile and carry forward over longer maturities of a certain number of debts, these back-up lines enable over one year of capital and interest repayments to be hedged.

During the 1st half of 2009, Icade continued to benefit from favourable liquidity conditions.

## 2. Counterparty risk

Icade works exclusively with front line financial establishments in order to limit the counterparty risk and therefore any possible default by an issuer, both in credit and derivative transactions as well as investments.

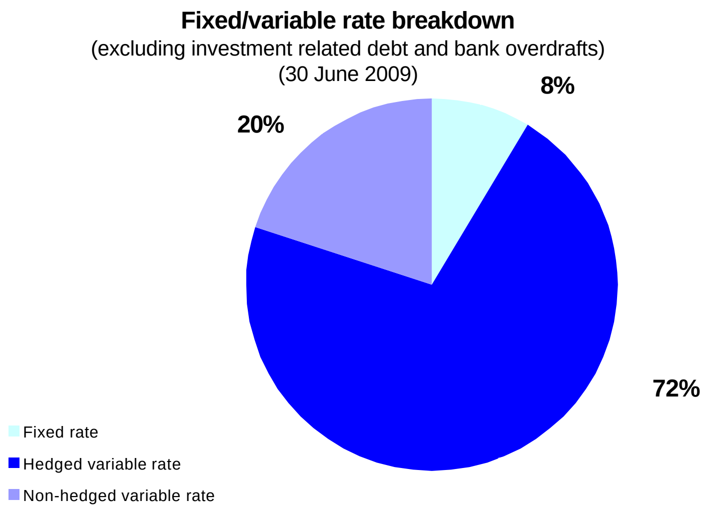
## 3. Rate risk

Changes in financial markets can entail variations in interest rates which may result in an increase in the cost of refinancing. Icade prefers using variable rate debt to finance its investments so as to be in a position to repay them prematurely without incurring penalties: this represents, before hedging, nearly 91% of its debt at 30th June 2009 (excluding debts associated with investments and bank overdrafts).

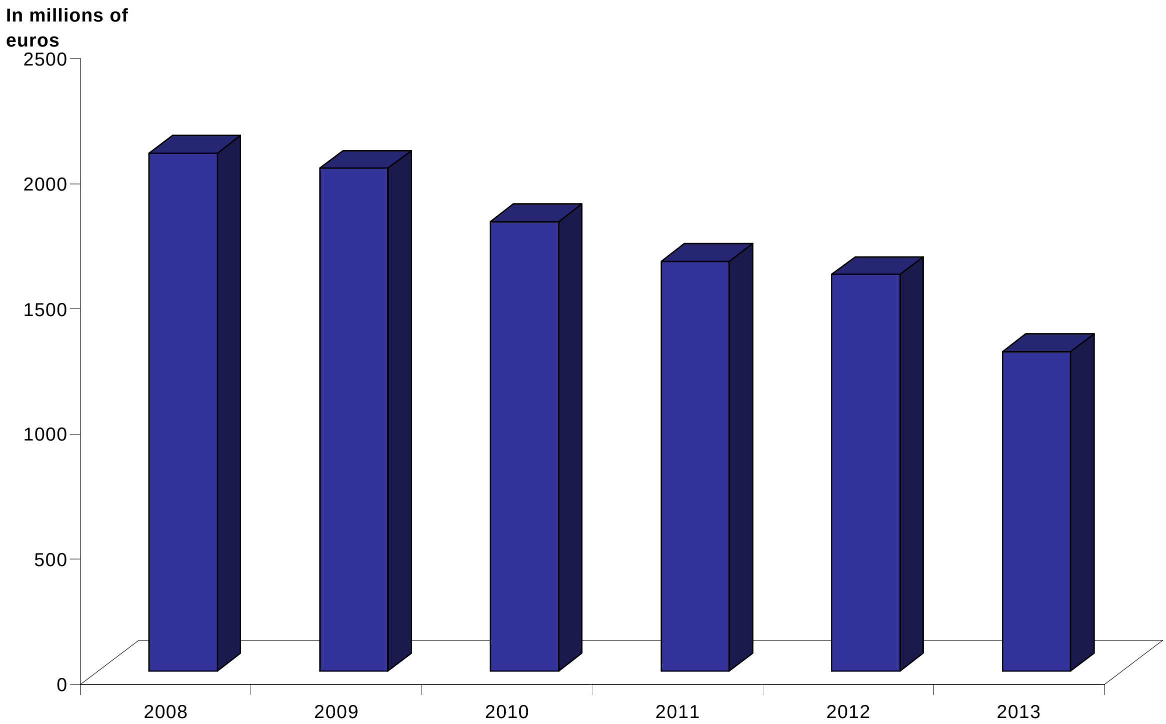
In the 1st half of 2009, Icade continued its prudent debt management policy by maintaining limited exposure to rate risks by setting up appropriate hedging contracts (exclusively plain vanilla swaps throughout the year). Debt with a maturity of less than one year has not been hedged.

Thus, in April 2009, a vanilla swap maturing 2014, to the sum of 30 million euros was set up to hedge a mortgage loan.

In total, the majority of debt (80%) is protected against rising interest rates by caps and swaps, or by fixed-rate debt: after adjustment for hedging, Icade's debt structure (excluding investment related debt and bank overdrafts) favours fixed rates: non-hedged variable rate debt represents no more than 20% of debt if we take account of all of the hedging and 28% if we only take account the hedging described by IFRS as cash flow hedging.



Notional hedging figures for future years are as follows (in millions of euros):




Given the financial assets and new hedging in place, the net position is detailed in the following table:

| (in millions of euros) | daily to 1 year *** | 1 year to 5 years | Beyond | 30 June 2009 |
|---|---|---|---|---|
| Gross financial debt | 2 934,6 | 49,9 | 180,7 | 3 165,2 |
| Financial assets * | (566,5) | | | (566,5) |
| **Net position before management** | 2 368,1 | 49,9 | 180,7 | |
| Off balance sheet** | (2 267,1) | - | - | (2 267,1) |
| **Net position after management** | 101,0 | | | |

* Exluding equity interests, other financial assets, provisions on securities
** Notional amount of hedging contracts (swaps, caps etc.)
*** Including assets and debts at variable rates

Finally, Icade prefers to describe its hedging instruments as “cash flow hedging” according to IFRS, which records variations in fair value in its instruments in capital and reserves rather than in profit. During the half year, “cash flow hedging” remained stable. Given the profile of the half year, we note a significant impact in capital and reserves of (34.8) million euros.

# D - FINANCIAL STRUCTURE

## 1. Financial structure ratio

The LTV (Loan To Value) ratio: Net financial debt / asset value comes out at 42.3% at 30th June 2009 (versus 35.4% at 31st December 2008). This increase can be explained, for around 4%, by the increase in net debt and around 3% by the fall in value of asset value.

This ratio remains well below the new limits to be adhered to within the framework of debt related financial covenants (50% in the majority of cases where this ratio is mentioned as a covenant).

Furthermore, this figure is the result of a prudent calculation since it includes all of Icade's debts (debts related to development and service businesses etc.) without taking the value of those assets or companies as a counterpart, because it is calculated purely on the asset value of the property investment.

## 2. Interest coverage ratio

The ratio of interest coverage to operating profit (corrected for depreciation) works out at 4.41 over the 1st half of 2009. This ratio is lower than in previous years (5.73 in 2008), in view of the increased debt. Brought down to EBITDA, in other words before capital gains on disposals, and not Operating Profit, this ratio works out at 4.10 and is well over banking covenants.

| FINANCIAL RATIOS | 30-06-2009 | 31-12-2008 |
|---|---|---|
| Net financial debt / asset value (LTV) | 42.3% | 35.4 % |
| Ratio of interest coverage by operating profit (ICR) | 4.41 | 5.73 |

## 3. Covenant monitoring table

| | | Covenants | 30.06.09 |
|---|---|---|---|
| LTV | Maximum | < 45% and <50% * | 42.3% |
| ICR | Minimum | > 2 | 4.41 |
| CDC holding | Minimum | 50.1% | 61.58% |
| Portfolio value of property assets | Minimum | > 3 billion euros | 6.424 billion euros |
| Surety on assets | Maximum | < 20% of property assets | 2.13% ** |

** around 90% of the debt concerned by a covenant on LTV has a limit of 50%, the remaining 10% having a limit of 45%*
*** maximum calculation with regard to loan clauses*

# IV – OUTLOOK

The pipeline of identified and committed investments per year, for the four years to come, would be as follows:

| (in millions of euros) | 2nd half 2009 | 2010 | 2011 | 2012 | 2013 | From 2nd half 2009 to 2013 |
|---|---|---|---|---|---|---|
| Investments | 278.0 | 413.0 | 208.0 | 68.0 | 13.0 | 980.0 |

ICADE

Foncière-développeur

Press release

**Paris, 28th July 2009**

**Profits up 22% at 30th June 2009 and a resilient portfolio of assets**

**Icade has published net profit (Group share) of 112 million euros at 30th June 2009. This result is the fruit of the strategy implemented by the Group which consists in extracting capital gains from the residential property portfolio and using these resources to improve the group's profitability. Icade relies on defensive liabilities characterised by controlled debt and good access to liquidity.**

- Consolidated turnover fell 6% at 30th June 2009 to 714 million euros, predominantly in relation to the expected fall in residential property development, while rents from commercial property investment are up 22%.
- EBITDA and operating profit came out at 157 million euros and 173 million euros respectively (i.e. EBITDA stable and operating profit up 11% compared to 30th June 2008), a consequence of the company's increased focus on property investment carried out since the end of 2007.
- Net current cash flow per share fell by 11% to €2.04 per share at 30th June 2009, due, in particular, to the conservative treatment of residential property development operations.
- The value of assets amounted to 6,424 million euros, a decline of 8%, demonstrating the resilience of the property asset portfolio. Given a prudent valuation of the property development and services businesses, the portfolio discount on residential property and the resistance of the corporate property portfolio, the liquidation net asset value fell 14.5% to €86.9 per share.
- Net profit, group share, reached 112 million euros, up 22% compared to 30th June 2008 and takes into account the charges related to impairment (44 million euros) on assets acquired in 2007, the marketing of which is not finalised.

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| ***Turnover*** | ***714.3*** | ***762.5*** | ***(6.3)%*** |
| ***EBITDA*** | ***156.5*** | ***156.0*** | ***0.3%*** |
| ***Profit/loss from disposals*** | ***117.8*** | ***58.1*** | ***102.8%*** |
| ***Operating profit/loss*** | ***173.0*** | ***155.7*** | ***11.1%*** |
| ***Financial profit/loss*** | ***(51.3)*** | ***(40.0)*** | ***(28.5)%*** |
| ***Tax charge*** | ***(9.5)*** | ***(21.8)*** | ***(56.4)%*** |
| ***Net profit group share*** | ***111.5*** | ***91.5*** | ***21.9*** |
| | | | |
| ***Net current cash flow*** | ***99.3*** | ***111.6*** | ***(11.0)%*** |
| ***Net current cash flow per share*** | ***€2.04*** | ***€2.28*** | ***(11.0%)*** |
| ***Average no. of shares*** | ***48,737,303*** | ***48,868,870*** | |

At 30th June 2009, Icade recorded **turnover** of 714.3 million euros, down 6.3% compared to 30th June 2008, essentially in relation to the expected fall in residential property development. It is worth noting that the disposal of Property management for individuals and Facilities management activities will not affect the turnover until the 2nd half year, as the agreements were concluded at the end of the 1st half.

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| ***Turnover*** | | | |
| *Property investment* | *210.8* | *197.6* | ***6.7%*** |
| *Property development* | *499.3* | *524.3* | ***(4.8)%*** |
| *Property services* | *92.9* | *102.7* | ***(9.5)%*** |
| *Other** | *(88.7)* | *(62.1)* | ***(42.8)%*** |
| ***Total Turnover*** | ***714.3*** | ***762.5*** | ***(6.3)%*** |

** "Other" business consists of the Icade Group's "head office" charges and eliminations of Icade's intra-group synergy operations.*

The growth in turnover of the **Property Investment division** is the result of actions carried out, namely a fall in the contribution of the Residential Property activity (-8.1 million euros) correlated with the disposals carried out in 2008 and the beginning of 2009, an increase in the contribution from Public and healthcare amenities with the acquisition of a portfolio of clinics in 2008 (+15.7 million euros) and an average rent indexing of over 5.7%.

The fall in turnover of the **Property Development division** corresponds mainly to the decline in activity from the Residential Property business. This expected contraction stems principally from the slowdown in this market in which Icade applies a cautious policy to manage operations by limiting unsold properties, and also from the slowdown in the launch of commercial operations.

The rise in intra-group eliminations (**"Other" business**) corresponds to the elimination of turnover related to operations carried out by Property Development for Property Investment, a consequence of the increase in strength of the developer-REIT model.

At 30th June 2009, Icade's consolidated turnover can be broken down as follows: Property Investment 30%, Property Development 70%, Property Services 13% and Other (13%).

At 30th June 2009, Icade had recorded **EBITDA** of 156.5 million euros, compared to 156.0 million euros at 30th June 2008. It is broken down between Property Investment 94%, Property Development 17%, Property Services (0%) and Other (11%).

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| ***EBITDA*** | | | |
| *Property investment* | *147.0* | *130.9* | ***12.3%*** |
| *Property development* | *27.3* | *36.8* | ***(25.8)%*** |
| *Property services* | *(0.6)* | *6.0* | ***(110.0)%*** |
| *Other* | *(17.2)* | *(17.7)* | ***2.8 %*** |
| ***Total EBITDA*** | ***156.5*** | ***156.0*** | ***0.3%*** |

The increase in EBITDA for the **Property Investment division** is a result of actions carried out by Icade's Property Investment division to focus on commercial property. Thus, the increase in weight of the Public and Healthcare Amenities business, combined with the reduction of that of the Residential Property Investment business has allowed it to improve the margin of the Property Investment division by 3.5 points to 69.6% of turnover.

The EBITDA of the **Property Development division** as a percentage of turnover has fallen from 7.0% to 5.5% between 30th June 2008 and 30th June 2009. This reduction is mainly due to the Residential

Property Development business.

The EBITDA of the **Property Services division** shows a loss of 0.6 million euros. If we remove the contribution of businesses which are being sold (Property management for individuals and Facilities management), this results in 3.1 million euros at 30th June 2009, compared to 7.3 million euros at the same period of 2008. This change is mainly due to the slowdown in transactions, during the 1st half of 2009, given the general state of the market.

At 30th June 2009, **operating profit** amounted to 173.0 million euros, compared to 155.7 million euros at 30th June 2008.

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| ***Operating profit/loss*** | | | |
| *Property investment* | *161.9* | *139.1* | ***16.4%*** |
| *Property development* | *25.3* | *26.1* | ***(3.1)%*** |
| *Property services* | *(1.4)* | *4.4* | ***(131.8)%*** |
| *Other* | *(12.8)* | *(13.9)* | ***(7.9)%*** |
| ***Total Operating Profit*** | ***173.1*** | ***155.7*** | ***11.1%*** |

This net increase of 17.3 million euros is the combination of:

- A greater number of asset disposals from Residential Property Investment, 2,116 housing units at 30th June 2009, compared to 1,128 at 30th June 2008. **Capital gains, net of disposals**, have thus increased by 61.3 million euros, reaching 113.7 million euros at 30th June 2009.
- Charges related to impairment amounting to 44.1 million euros. These provisions are essentially related to assets acquired in 2007, the marketing of which is not yet finalised (28.7 million euros for the Tour Descartes and 7.8 million euros for the building in Rueil Malmaison).
- A reversal of 6.8 million euros of provisions, constituted at the end of 2008, with the intention of hedging risks related to the property investment portfolio and operations in pre-marketing from the Residential Property Development business; the marketing potential of these operations has been favourably revised, which confirms the cautious handling of this business.
- The increase in **depreciation charges** from 57.2 million euros at 30th June 2008 to 63.5 million euros at 30th June 2009 relating to investments made.

**Net Profit Group Share** reached 111.5 million euros against 91.5 million euros at 30th June 2008.

**Net Current Cash Flow** stood at 99.3 million euros at 30th June 2009, down 11% compared to 30th June 2008 (111.6 million euros, or €2.28 per share). The 38.7% rise in the average value of gross debt (reaching 2,764 million euros at 30th June 2009) explains the level of net financial charges. Furthermore, the decline in the Residential Property Development business makes an unfavourable contribution to net current cash flow.

| *(in millions of euros)* | *30/06/2009* | *30/06/2008* | *Variation* |
|---|---|---|---|
| ***EBITDA*** | ***156.5*** | ***156.0*** | ***0.3%*** |
| *Financial profit/loss* | *(51.3)* | *(40.0)* | ***(28.3)%*** |
| *Effect of non-discounting exit tax* | *2.8* | *5.1* | ***(45.1)%*** |
| ***Current financial profit/loss*** | ***(48.5)*** | ***(34.9)*** | ***(39.0)%*** |
| *Corporation tax (*)* | *(9.5)* | *(21.8)* | ***(56.4)%*** |
| *Tax on capital gains on transferred assets and exit-tax charges following the entry of financial leasing within the scope of the SIIC regime* | *0.0* | *12.3* | ***(100.0)%*** |
| *Tax on capital gains from sale of securities* | *0.8* | *0.0* | ***100.0%*** |
| ***Current corporation tax*** | ***(8.7)*** | ***(9.5)*** | ***(8.4)%*** |
| ***Net current cash-flow*** | ***99.3*** | ***111.6*** | ***(11.0)%*** |
| ***Net current cash flow per share*** | ***€2.04*** | ***€2.28*** | ***(11.0%)*** |
| ***Average no. of shares*** | ***48,737,303*** | ***48,868,870*** | |

*(*) The corporation tax results both from the Property Development and Property Services divisions and from Icade's "Holding" activity (revenue from subsidiaries subject to corporation tax).*

## Effective access to the debt market and a real resistance of the value of the asset portfolio

In the 1st half of 2009, Icade signed credit facilities for a total of 362 million euros, representing an average 3-month Euribor spread of 156 bp for an average maturity of 4.5 years.

| *(in millions of euros)* | *30/06/2009* | *31/12/2008* | *Variation* |
|---|---|---|---|
| *Net financial debt* | *2,717.6* | *2,458.8* | ***10.5%*** |
| *Appraisal values of property companies* | *6,424.0* | *6,952.3* | ***(7.6)%*** |
| ***Loan to value (LTV)*** | ***42.3%*** | ***35.4%*** | |

At 30th June 2009, Icade's **net debt** stood at 2,717.6 million euros (compared to 2,458.8 million euros at 31st December 2008) combined with an average cost of 4.42% and a favourable average maturity of 4.5 years at 30th June 2009.

The value of Group assets, excluding rights, stands at 6,424.0 million euros against 6,952.3 million euros at the end of 2008, a variation of (7.6%). On a like-for-like basis, the half-yearly variation in portfolio value stands at -584.2 million euros, i.e. a fall of 8.6% compared with 31st December 2008. The **appraisal value** of assets from Icade's property investment companies (excluding rights) was established by independent surveyors for all the assets with the exception of those from the Residential Property Investment business included in the exclusivity agreement with the consortium or those under sale, for which the value of the offer has been used.

The **loan to value (LTV)** ratio, which is calculated using the conservative method as the ratio between the Group's net debt on all business activities including funding development and service operations and the value of the assets (excluding rights) of the property investments companies, was 42.3% at 30th June 2009 compared with 35.4% at 31st December 2008.

## Revalued net asset value:

| *(in millions of euros)* | *30/06/2009* | *31/12/2008* | *Variation* |
|---|---|---|---|
| *Replacement NAV* | *4,609.4* | *5,351.7* | ***(13.8)%*** |
| *Replacement NAV / share* | *94.6 €* | *109.8 €* | ***(13.8)%*** |
| *Liquidation NAV* | *4,236.6* | *4,954.1* | ***(14.5)%*** |
| ***Liquidation NAV / share*** | ***€86.9*** | ***€101.6*** | ***(14.5)%*** |

** Number of diluted shares for calculation of Revalued Net Asset Value per share at 30/06/09: 48,737,303*

The liquidation NAV, Group share, is down 14.5% in the first half of 2009 to 86.9 euros, totally diluted. This change stems mainly from the fall in the value of property assets by 11.6 euros per share, given the discount for the block sale of the housing portfolio. This fall is nevertheless partly compensated by the solidity of the assets of the Commercial Property Investment division (-6.5% on a like-for-like basis).

## Focusing the portfolio on commercial property

Total investments net of disposals amounted to 21.7 million euros in the 1st half of 2009.

Investments underway in the 1st half of 2009 totalled 196.3 million euros, of which 177.1 million euros are dedicated to assets from Property Investment companies. These investments, made principally in offices, clinics and shopping centres, will contribute to consolidating Icade's presence in the commercial property sector and to securing recurring cash flow.

The income from disposals over the period amounts to 175.2 million euros, of which 149.8 million from block sales during the 1st half of 2009 from the residential property portfolio and 24.1 million euros following the disposal of shares of Icade Administration de Biens.

Icade is actively pursuing its arbitrage programme on its residential portfolio and an exclusivity agreement was signed in this respect at end June 2009 with a consortium made up of the SNI, major local public-housing authorities and social housing investors in the Paris region.

## Outlook

Against the current market environment where financing is difficult, Icade is pursuing its focus on commercial property on the domestic market, thanks to liquidities expected from the accelerated disposal of its housing. Icade's strategic priority is to reinvest liquidity, to seek immediate, secure and antidilutive cash flows and to control its debt ratio. Furthermore, over the coming 4 years, the committed investment pipeline amounts to 1 billion euros.

## Coming events

Q3 2009 Turnover : 22 October 2009 post-close
Annual results 2009 : 15 February 2010 post-clse

*The half-year report at 30th June 2009 has been submitted to the French Financial Markets Authority (AMF) and can be consulted in whole on the Company's website*
*http://www.icade.fr/fo/en/category/finance,icade-ex-icade-emgp,icade-emgp-rapport-financier-semestriel.do*

**About Icade**
As a developer REIT, Icade, 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 euros and net current cash flow of 206 million euros. The revalued liquidation net asset value rose to 4 954 million euros, i.e. 101.6 euros per share.

*Serge Grzybowski will present the S1 2009 results to analysts on July 29th at 11.30 am CET. The slide show will be available from 09.00 am via the following link:*
*http://www.icade.fr/fo/fr/category/finance,icade-ex-icade-emgp,presentations-financieres.do*

*For participants who wish to listen to the conference in French or in English, please register in advance using the following links:*
*for the French version: https://eventreg2.conferencing.com/webportal3/reg.html?Acc=442938&Conf=199231*
*for the English version: https://eventreg2.conferencing.com/webportal3/reg.html?Acc=442938&Conf=199252*

*Each participant will receive the participant access code, the conference access code and the telephone number to call as well as instructions for listening to the conference.*
*The recording in French and English will be available for 6 days from 29th July 2009 until midnight on 4th August 2009.*
*To listen to the recording, please use the following numbers and codes:*
*020 7031 4064 -- UK London*
*+33 (0) 170993529 -- France Paris*
*Access Code: 838794 French version*
*Access Code: 2661385 English version*

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## APPENDIX