

Press release  
Paris, 12 May 2010

## **Activity during 1<sup>st</sup> quarter 2010**

- Revenue during the 1<sup>st</sup> quarter 2010 of €305.7 million, up by 1.2% corrected for the effect of the sale of housing assets and services companies that occurred during 2009
- Compagnie la Lucette was consolidated within the accounts of Icade from 17 February 2010, date on which control of the company was actually effective, and the simplified alternative public offer on Compagnie la Lucette was successful, allowing Icade's holding to be brought to 99.23% and the obligatory withdrawal to be implemented
- Contribution from the commercial Property Investment division to the revenue of the Property Investment division that was strongly up, going from 57% during the 1<sup>st</sup> quarter 2009 to 64% in the 1<sup>st</sup> quarter 2010
- Continuation of the sales of the residential branch through implementing the agreement signed in November 2009: 99% of the assets concerned are now sold or subject to undertakings

### **PROPERTY INVESTMENT**

- Increase by 7.6% in the revenue from commercial property investment
- The marketing of Millénaire 2 was finalised, bringing the financial occupancy rate from 88.5% on 31 December 2009 to 91.9%
- The proactive asset management policy continued, aiming to secure Icade's cash flow by extending the average firm period of leases, which reached 6 years and 3 months

### **PROPERTY DEVELOPMENT**

- Revenue from the Development division dropped by 7.4% bearing in mind reduced economic activity in the commercial activity (-21.9%) and the increase in the Housing activity (+5.3%)

### **SERVICES**

- 42% drop in revenue following divestiture of activities during 2009
- The division continued to be restructured, with the divestiture of Icade Italia in March 2010

## CONSOLIDATED REVENUE

On 31 March 2010, Icade's consolidated revenue stood at €305.7 million against €332.7 million on 31 March 2009. Restated for the effects of the divestiture of housing assets and services companies that took place in 2009, Icade's consolidated revenue on 31 March 2010 would be €336.7 million, up by 1.2% compared to 31 March 2009.

Revenue in million euros	31/3/2010	31/3/2009	Variation in %
Property investment	102.2	106.4	-4.0%
Property development	209.3	226.0	-7.4%
Services	26.5	45.7	-41.9%
Intra-Group elimination	-32.3	-45.4	
<b>TOTAL ICADE</b>	<b>305.7</b>	<b>332.7</b>	<b>-8.1%</b>

## PROPERTY INVESTMENT

Revenue from the Property Investment division stood at €102.2 million on 31 March 2010, against €106.4 million during the same period in 2009. The contribution of the Commercial Property Investment division during the 1<sup>st</sup> quarter 2010 stood at 64% against 57% for the 1<sup>st</sup> quarter 2009. This strong growth is the result of the strategy of moving towards the commercial sector, that Icade has implemented over the last 2 years.

Revenue	31/3/2010		31/3/2009		Variation in %
	m euros	contribution	m euros	contribution	
Commercial Property Investment	65.1	64%	60.4	57%	+7.6%
Residential Property Investment	37.1	36%	46.0	43%	-19.3%
<b>TOTAL PROPERTY INVESTMENT DIVISION</b>	<b>102.2</b>	<b>100%</b>	<b>106.4</b>	<b>100%</b>	<b>-4.0%</b>

## Commercial Property Investment division

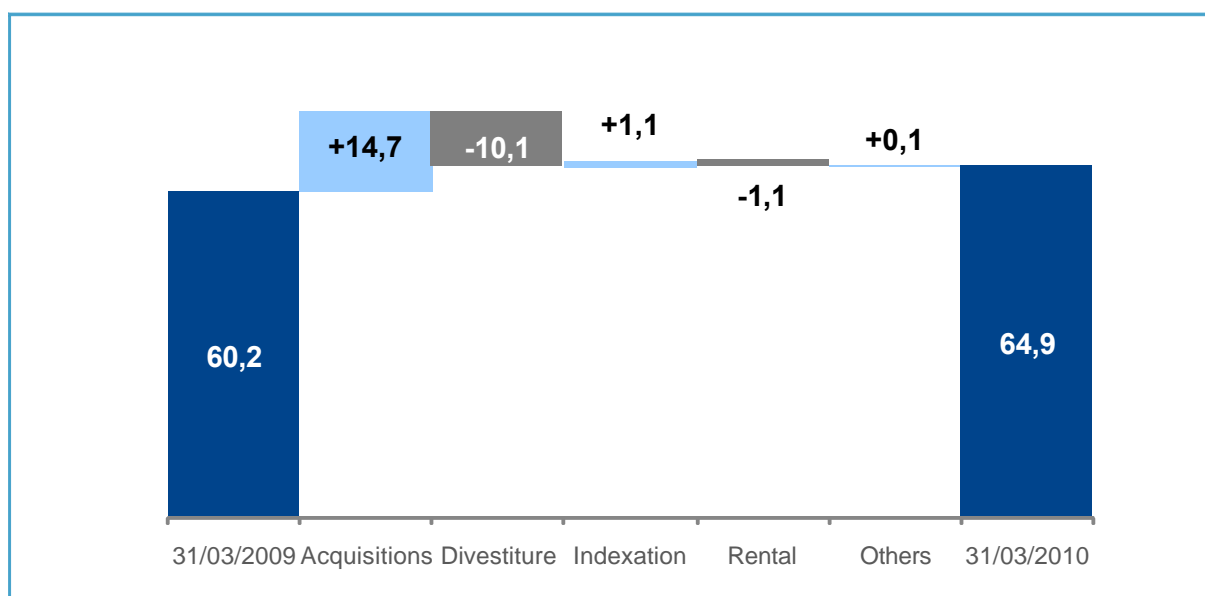
### 1.1.1 Revenue and rental income

Revenue from the Commercial Property Investment division was up by 7.6% compared to 31 March 2009 and stood at €65.1 million on 31 March 2010. This increase is explained in particular by the selective investment policy implemented alongside the divestiture of housing assets. On a comparable basis, revenue was up by 0.1%.

Revenue in million euros	31/3/2010	31/3/2009	Variation in %
Offices in France (*)	16.5	18.9	<b>+4.5%</b>
Warehouses (*)	3.3		
Offices in Germany	4.0	4.1	<b>-1.9%</b>
Business Parks	21.9	21.9	<b>+0.3%</b>
Public Facilities and Health	15.8	13.5	<b>+16.0%</b>
Shops and Shopping Centres	3.6	2.0	<b>+77.3%</b>
<b>TOTAL COMMERCIAL PROPERTY INVESTMENT DIVISION</b>	<b>65.1</b>	<b>60.4</b>	<b>+7.6%</b>

(\*) In 2009, revenue from Warehouses was included with that from Offices

### Commercial Property Investment division: change in rental income (in million euros)





Acquisitions generated €14.7 million in additional rental income, most of which breaks down as follows:

- €10.9 million corresponding to about 1.5 months of rent from the assets of Compagnie la Lucette, which has been consolidated within Icade since 17 February 2010, date when it was taken over;
- €1.6 million related to the full-year effect of rent for clinics acquired in 2009 (1 clinic operated by Vedici and 3 clinics operated by Générale de Santé) and to the acquisition during the 1<sup>st</sup> quarter 2010 of a clinic from the C2S Group;
- €1.5 million coming from rent from the Odysseum shopping centre in Montpellier, opened at the end of 2009.

Simultaneously, the €10.1 million reduction in rental income included €2.6 million related to divestiture of assets occurring in the last quarter 2009 (114 avenue des Champs Elysées and 3/5 Avenue de Friedland) and €7.4 million related to neutralisation concerning the redevelopment of the Tour Descartes at La Défense on 1<sup>st</sup> January 2010.

Meanwhile, indexing generated an improvement of €1.1 million in rental income, representing an average increase of 1.8%.

With the aim of securing its cash flow over the long term, Icade began discussions on rents with its tenants, either taking advantage of the upcoming expiry of certain leases or by renewing them early to bring the corresponding rent to market levels in exchange for an extension to the firm period of these leases. These lease renewals resulted in an extension of the average firm period of leases in the portfolio (see following section) and a drop by €1.1 million in rental income.

### 1.1.2 Rental Activity

Significant business results were obtained during the 1<sup>st</sup> quarter 2010: Icade signed large leases concerning significant floor space that was vacant on 31 December 2009:

- the marketing of Millénaire 2 (Paris 19th) was completed with the installation of the head offices of IFOP (2,600 m<sup>2</sup>) and the Paris region ARS (Regional Health Authority) (16,000 m<sup>2</sup>), for which the leases will be effective from 1<sup>st</sup> June and 1<sup>st</sup> September 2010 respectively;
- a third of the floor space of the H2O building at Rueil-Malmaison (7,400 m<sup>2</sup>) was marketed – (effective date: 1<sup>st</sup> July 2010).

These new signatures have secured an annual volume of €8.2 million in rent over an average firm period of 9 years.

Simultaneously, during the 1<sup>st</sup> quarter 2010, Icade signed 4 lease renewals covering 28,600 m<sup>2</sup> of rented floor area. These renewals have secured an annual €6.8 million in headline rents over an average firm period of 9 years.

**Thanks to this commercial success and the integration of Compagnie la Lucette, the financial occupancy rate is sharply up at 91.9% on 31 March 2010 (pro forma for 3 new leases mentioned above), against 88.5% on 31 December 2009.**

Due to the integration of the assets of Compagnie la Lucette and the departure of IBM from the Tour Descartes, the composition of Icade's client portfolio has significantly changed since the end of 2009. Ranking the main tenants by value and floor space shows the diversity of the rental base. It should be noted that the firm residual duration of leases for the 4 main tenants is greater than 8 years.

Rank	Occupants	Current Rents	%	Lease Maturities
1	PwC	22 083	7%	10,8
2	GENERALE DE SANTE	19 459	6%	10,0
3	GROUPE CASINO	18 294	6%	8,0
4	VEDICI	15 316	5%	10,2
5	GROUPE SCOR	12 899	4%	2,7
6	MINISTERE DE L'INTERIEUR	11 500	4%	16,8
7	CREDIT AGRICOLE SA	9 924	3%	8,4
8	GROUPE ICADE	8 704	3%	3,1
9	GROUPE MR BRICOLAGE	8 015	3%	9,7
10	MINEFI	6 681	2%	3,8
11	GROUPE RHODIA	6 627	2%	2,4
12	GMG (T-Systems)	6 590	2%	8,5
13	HARPIN	5 442	2%	8,8
14	3H	5 173	2%	10,2
15	GROUPE PIERRE ET VACANCES	4 841	2%	4,5
16	ARS	4 812	2%	9,4
17	GROUPE AXA	4 686	1%	3,1
18	EURO MEDIA FRANCE	4 587	1%	2,9
19	TGI	4 077	1%	1,9
20	COCA COLA	3 563	1%	4,6
	SOLDE	131 499	42%	
		<b>314 773</b>	<b>€k</b>	

Total Current Rents = 132,875 k € or 42%

Total Current Rents = 161,549 k € or 51%

Total floor space = 183,275 m<sup>2</sup> or 58%

Rank	Occupants	Floor space	%
1	GROUPE CASINO	430 846	23%
2	GROUPE MR BRICOLAGE	134 592	7%
3	VEDICI	117 655	6%
4	GENERALE DE SANTE	110 118	6%
5	3H	52 894	3%
6	HARPIN	47 712	3%
7	EURO MEDIA FRANCE	41 830	2%
8	GMG (T-Systems)	40 017	2%
9	GROUPE RHODIA	37 416	2%
10	CREDIT AGRICOLE SA	34 026	2%
11	PwC	31 153	2%
12	GROUPE SCOR	30 172	2%
13	MINISTERE DE L'INTERIEUR	29 989	2%
14	GROUPE ICADE	29 681	2%
15	LOGIDIS	27 850	1%
16	GROUPE TRANSALLILANCE	24 962	1%
17	C2S	19 404	1%
18	ARS	18 623	1%
19	GROUPE PIERRE ET VACANCES	16 395	1%
20	SOMEFOR	13 606	1%
	SOLDE	587 894	31%
		<b>1 876 834</b>	<b>m<sup>2</sup></b>

Total floor space = 1,047,106 m<sup>2</sup> or 56%

Total floor space = 1,195,951 m<sup>2</sup> or 64%

Total floor space = 1,288,941 m<sup>2</sup> or 69%

**On 31 March 2010, the average firm period of leases significantly improved (+4 months), going from 5 years and 9 months on 31 December 2009 to 6 years and 3 months.**

This ongoing improvement over the last 15 months is the result of the active asset-management work carried out on the estate with the signature of 37 new leases (€16.5 million in rent with an average firm period of 6.5 years) and the renegotiation of 25 existing leases (€26.2 million in rent, with an average firm maturity going from 1.6 to 6.8 years), together with the integration of new assets into scope (assets of Compagnie la Lucette and clinics).

Also, Icade has little exposure to the risks of lease reviews stemming from article L145-39 of the French Commercial Code. The potential risk of a return to market rental values only affects €4.9 million, representing a maximum potential loss of rent of around 1.6%.



### 1.1.3 Investments Activity

Icade has continued developing its estate by investing in assets with immediate cash flow or in projects for which future cash flow is largely secured. The main investments carried out during the 1<sup>st</sup> half-year break down as follows:

- €15.8 million for the assets at Villejuif rented to LCL (60,000 m<sup>2</sup> spread over 4 buildings);
- €17.4 million for the continuation of development of the Millénaire shopping centre at Aubervilliers and the recreational centre in the Odysseum shopping centre in Montpellier;
- €13.0 million for the programmed extensions to the clinics purchased from 2007, which are rented from their delivery to the operators who are already there;
- €6.0 million for the work site for the office building in Munich (Germany) pre-let to Ernst & Young and for which the transfer will be effective at the end of 2010 upon delivery;
- €5.9 million for the acquisition in February 2010, under financial leasing, of the Renaison clinic (20,900 m<sup>2</sup> – 172 beds) at Roanne (Loire);
- €2.7 million for the first work begun on the Tour Descartes for its redevelopment, which was possible due to the departure of its lessee. This first work was able to be started from the beginning of 2010 thanks to the surveys that were carried out during 2009.

### 1.1.4 Asset Sales

As part of its current policy to sell assets considered mature or non-strategic, in the 1<sup>st</sup> quarter 2010, Icade signed an undertaking to sell the 830m<sup>2</sup> building at 14 rue Magellan (Paris 8th). The sale should occur at the beginning of the 2<sup>nd</sup> half-year 2010.

At the same time, the discussions initiated by Compagnie la Lucette before the takeover by Icade continued and resulted in:

- the lifting, in April 2010, of the last conditions precedent related to the sale, to Allianz, of the SCI holding the Colisée asset (24,860 m<sup>2</sup> at La Défense), whose sale is planned for the end of May 2010;
- the signature, on 15 April 2010, of the deed to sell the Mistral asset (7,100 m<sup>2</sup> near the Gare de Lyon) for post-sale completion to the Agence Française de Développement (AFD), consecutive to the undertaking to sell that was signed in January 2010. The work to redevelop this asset, for a total cost of about €22 million, began in April 2010. Delivery to the purchaser is planned for the beginning of 2012.

## Residential Property Investment division

Main indicators	31/3/2010	31/3/2009
Revenue	37.1	46.0
Free rents (€/m <sup>2</sup> /month)	7.53	7.65
Agreed rents (€/m <sup>2</sup> /month)	5.84	5.78
Average free/agreed rents (€/m <sup>2</sup> /month)	7.35	7.13
Average rents in free sector	10.26	9.83
<i>Financial occupancy rate</i>	95.6%	94.9%
Turnover rate	8.5%	8.4%
Block sales (in Paris region and regionally)		
. by number	921	1,165
. average sale price per m <sup>2</sup>	€1,381	€1,094
Unit sales (in Paris region and regionally)		
. by number	47	60
. average sale price per m <sup>2</sup>	€1,902	€2,164

Strongly impacted by the divestiture programme undertaken in 2009, which has already had significant effects, turnover of the Housing Investment division stood at €37.1 million on 31 March 2010 against €46.0 million on 31 March 2009, representing a drop of 19.3% essentially reflecting the loss of rental income related to the block or unit sales of housing units (€10.2 million) and also the positive impact of re-indexing rents based on the IRL (2.83% in July 2009 producing its full-year effect in 2010), which stood at €1.0 million in 2010.

In accordance with the protocol signed in November 2009, validating the offer received from the consortium made up of 26 social-housing organisations, Icade is actively continuing its divestiture programme: 99% of assets concerned are now sold or subject to undertakings.

In the 1<sup>st</sup> quarter 2010, sales reached a volume of €93.4 million at a rate of €5.9 million for unit sales and €87.5 million for block sales.

## PROPERTY DEVELOPMENT

The Property Development division had revenue of €209.3 million on 31 March 2010, down by 7.4% compared to 31 March 2009.

Revenue in million euros	31/3/2010	31/3/2009	Variation in %
Service-sector property development (offices, shopping centres and public facilities-health)	84.8	108.8	-21.9%
Housing development	126.1	119.7	+5.3%
Intra-business-division property development	-1.6	-2.5	
<b>TOTAL PROPERTY DEVELOPMENT DIVISION</b>	<b>209.3</b>	<b>226.0</b>	<b>-7.4%</b>

### Commercial property development (offices, shopping centres and public facilities-health)

Revenue from the Commercial Property Development activity (offices, shopping centres and public facilities-health) stood at €84.8 million on 31 March 2010, representing a drop of 21.9% compared to 31 March 2009 for the following reasons:

- the slowdown in the market for commercial property development due to the economic environment and the delivery, at the end of 2009, of large projects in Shopping Centres & Offices Development (particularly the Odysseum shopping centre at Montpellier and offices in Clichy, Lyon and Toulouse);
- partially compensated by an increase in "healthcare and public equipment" development due to the progress of large-scale projects (the Saint-Nazaire hospital, the Maison Blanche psychiatric hospital in Paris 19th, and the hospital at Nancy).

On 31 March 2010, Icade Promotion had a portfolio of projects in "offices and shopping centres" property development covering 570,472 m<sup>2</sup>, including projects under construction for 66,216 m<sup>2</sup> and projects at the initial set-up stage of 504,256 m<sup>2</sup>.

On 31 March 2010, Icade Promotion's portfolio of projects in "healthcare and public equipment" service-sector property development corresponded to 259,247 m<sup>2</sup> of projects under construction and 51,718 m<sup>2</sup> of projects at the initial set-up stage.

The projects delivered during the first quarter 2010 are as follows:

- the third office building at Villejuif for LCL (21,201 m<sup>2</sup>);
- the laundry belonging to CHU at Toulouse representing 2,606 m<sup>2</sup>.

### Housing development

Revenue from housing development stood at €126.1 million on 31 March 2010, namely an increase of 5.3% compared to 31 March 2009. This increase in revenue is mainly due to the execution of deeds in the first quarter 2010, related to investors' strong reservations in 2009.

Notarised sales stood at €1,491 million for 803 housing units and lots against €82.7 million for 404 housing units and lots on 31 March 2009.





Reservations reached 1,248 housing units (including 100 reserved as a block by institutional clients) against 1,230 housing units and lots reserved on 31 March 2009. During 2010 and 2011, these will generate revenue of €226.7 million, against €206.0 million for those signed in 2009.

On 31 March 2010, the average withdrawal rate over the first 3 months of the year (after the legal deadline for retraction of 7 days) reached 16% of reservations, against 20% on 31 March 2009.

The average rate of stock disposal stood at 10.5% on 31 March 2010, compared to 9.2% (average in 2009).

The stock of housing units remaining to be sold by lots completed and delivered stood at 283 lots for €49.2 million on 31 March 2010, against 264 lots for €40.1 million on 31 December 2009.

The backlog stood at €727.1 million on 31 March 2010, up by 28.7% compared to 31 March 2009. This increase results from the combined effect of demand related to government measures (Scellier provisions, doubling of zero-rate interest loans, plan for 30,000 homes for social housing companies) and the historically-low level of long-term interest rates. The property investment portfolio represents a construction potential of 8,818 housing units and lots, for forecast revenue of €1,606 million.

## SERVICES

Revenue in million euros	31/3/2010	31/3/2009	Variation in %
Target activities	25.7	25.0	+2.7%
Property management	7.7	7.3	
Serviced housing units	11.8	10.8	
Consulting and surveying activities	6.2	6.9	
Divested activities	0.9	22.0	NS
Asset management for private individuals	-	8.7	
Facility Management	-	12.2	
Property management	0.9	1.1	
Intra-business division services	-0.1	-1.3	
TOTAL SERVICES DIVISION	26.5	45.7	-41.9%

The sharp drop in revenue during the 1<sup>st</sup> quarter 2010 is explained by the restructuring of activities which, in 2009, involved the sale of the "asset management for private individuals" activities to Procviv Immobilier and the "facility management" activities to the Atalian Group (e.g. TFN). This continued in 2010, with the sale, in March, of Icade Italia, a property management company in Italy having revenue of about €5 million.

On a comparable basis, the revenue of the Services division increased by 2.7%, thanks to the "serviced housing units" activity, which increased by 8.8%.

## INTER-BUSINESS-LINE ELIMINATIONS

Inter-business-line eliminations stood at €32.4 million on 31 March 2010. They were down by 28.8% compared to 31 March 2009 and essentially correspond to the elimination of revenue related to transactions carried out by the Property Development division on behalf of the Property Investment division.

The main transactions concerned during the 1<sup>st</sup> quarter 2010 were as follows:



- In service-sector property development, the elimination of €23.8 million of revenue related to the building intended for LCL at Villejuif, to the Nancy hospital, and for assistance to the contracting authority for the Le Millénaire shopping centre at Aubervilliers;
- in housing, elimination of €3.5 million of revenue related to the continuation of contracts for post-sale completion in view of their sale to the SNI.

## UPDATE ON THE FINANCING POLICY

Icade confirms a healthy and liquid situation concerning liabilities and structures its combined liabilities as it receives income from the sale of housing units. It has non-drawn backup lines of €300 million.

At the same time, Icade has set up intra-group funding lines at the level of Compagnie la Lucette to allow it to carry out, or commit to, the early repayment of about €370 million.

## AGENDA

2010 half-yearly results: 26 July 2010 post closure

SFAF meeting: 27 July 2010 at 08:30 – Millénaire 1 – 35 rue de la gare – 75019 Paris

## ABOUT ICADE

Icade is a listed real-estate company, subsidiary of the Caisse des Dépôts, which carries out business activities in property investment, development and related services in the offices, business parks, shopping centres, public-healthcare amenities and housing sectors. Expertise in its different business lines means that Icade is able to provide its clients with personalised solutions and act in respect of all the current concerns of the property sector. In 2009, Icade recorded consolidated turnover of 1,506 million euros and net current cash flow of 184 million euros. At 31st December 2009, the revalued liquidation net asset value stood at 4,130 million euros, i.e. 84.5 euros per share.

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