ICADE
Foncière-développeur

Paris, February 16, 2012

Net current cash flow of €223 million, up by 28% at December 31, 2011

2011 is remarkable for improved economic and financial performance by Icade and launches of new projects that will contribute to future performance.

28% increase in net current cash flow, illustrating Icade's growth momentum

The net current cash flow reached €223.5 million (€4.32 per share) in 2011 versus €175.0 million for 2010 (€3.43 per share).
All components of current cash flow have improved:

- The EBITDA of the Property Investment division increased by 9%, due to the 12% rise in rental income from the Commercial Investment Property division, as a result of the asset allocation strategy (moving away from residential in favor of commercial assets) and the commercial successes achieved in recent years (Villejuif, H_2O, Millénaires 1 & 2…);
- 33% increase in EBITDA of the Property Development and Services divisions due to the 7% and 3% improvement in their revenues and margins increase (7.4% and 9.3% in 2011, respectively, versus 5.9% and 7.8% in 2010);
- Continued cut in overheads, which dropped by 7% during 2011;
- Control of financial expenses, which remained stable over the period.

Many commercial successes ensuring the future of Icade's growth model

- An outstanding year in terms of marketing with 105,000 m² rented or re-rented (Link, Millénaire 6, Messine…), increasing the financial occupancy rate from 91% at the end of 2010 to 95% at the end of 2011 with a firm term of leases that has increased to 6.2 years;
- Signing of new structuring projects for the Parc du Millénaire with first-class partners (Veolia for approximately 85,000 m², Ministry of Justice for 34,000 m²) securing the development of the business parks;
- Momentum maintained at the start of 2012 with the rental of 6,900 m² of building 521 to Endemol and 3,700 m² of the Factory building to Al Jazeera;
- Nearly 26% increase in the backlog of the Property Development division, which ensures good visibility of future activity:
    - 9% increase in the residential Property Development division backlog (€884 million) in a market showing a drop in reservations.
    - doubling of the backlog in commercial Property Development division (€486 million), with major deals committed or finalized: Pushed-Slab (Paris), MacDonald (Paris), START (Saint-Quentin-en-Yvelines), Ambre (Lyons) and Prélude (Bordeaux).
- Firm commitment by French institutional investors to invest €250 million in Icade Santé in the first quarter of 2012 thanks to a reserved capital increase before allowing the continued development of this activity while maintaining Icade's stable exposure to this class of assets.

During 2011 EPRA triple net asset value per share increased by 3% to €83.7

- The EPRA triple net asset value was €4.313 billion (€83.7 per share) at December 31, 2011 versus €4.208 billion (€81.4 per share) at December 31, 2010;
- The total portfolio value at December 31, 2011 was €6.727 billion, composed 95% of commercial assets. This valuation includes the growth potential of business parks only insofar as it is secured and financed. On a like for like basis, the increase in commercial asset value is 2.6%, as a result of letting carried out during the year.

Investments of €730 million mainly pre let

- Acquisition of 13 clinics for €399 million, including 11 clinics (1,900 beds) operated by Médi-Partenaires with firm 12-year leases;
- Delivery of Beauvaisis (12,000 m²) and on going renovation of the EQHO tower (80,000 m²).

Combination project with Silic

- Creation of the first commercial property investment company in France with a €9.7bn portfolio
- Unique positioning among listed property companies on the stock exchange market ;
- A deal consistent with Icade's financial goals ;
- Solid capital structure preserved ;
- Exchange ratio in line with NAVs of the two companies ;
- Transaction is immediately accretive in cash flow terms.

Continued refocusing of activities and assets

- Arbitrage of mature properties (Atrium for €106 million) or non-strategic properties (Munich for €72.5 million, non-core offices of €17 million and residential/commerce for €80 million);
- Disposal of the activity of property management and student housing ownership in Spain for a total amount of €17 million.

Solid financial structure

- No covenant issues: LTV stands at 40.0% (36.3% taken into account Icade Santé capital increase) and ICR improved to 3.5x;
- Further diversification of funding with the issuance of a USPP and during the year new confirmed credit lines were set up for a global amount of €333 million;
- €344 million of available credit lines at the end of 2011 (before taking into account the Icade Santé €250 million capital increase).

Strategic positioning and outlook

After the successful transformation transactions carried out in 2010 and 2011, the disposal of the residential portfolio, and acquisition and integration of Compagnie la Lucette, Icade pursues its strategy through the combination project with Silic. That transaction will enable Icade to position itself as the leader in the French commercial real-estate sector and strengthen its status on the stock exchange while preserving a solid financial structure.

The 2012-2015 period will also see a number of projects that have been identified - some of which are already in development. This €400 million pipeline of investment projects demonstrates Icade’s intention to use its expertise to develop cash flow generating projects and create value.

In the longer term, Icade’s positioning is based on the significant potential to be found in developing its business parks on the outskirts of Paris, particularly the Grand Paris project. The successful management of its unique land reserves, which will be increased by those of Silic, will enable Icade to offer a full range of products for users, according to market needs.

The extensive restructuring of its activities combined with its dynamic asset management policy conducted in recent years enable Icade to look positively forward. For 2012, Icade anticipates another double-digit growth in its net current cash flow, benefiting from an increase in recurring income and a serene outlook for its development division.

Dividend

At the Annual General Meeting that will be held after the settlement of the Silic tender offer and, in any event, before June 30, 2012, Icade will propose the payment of a cash dividend of €3.72 per share, including a €0.37 extraordinary part (assuming Silic dividend of €4.65 per share, in line with 2010). That amount represents a distribution of 86% of the net current cash-flow per share (78% excluding extraordinary part).

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Upcoming event:
First-quarter 2012 revenue: May 14, 2012

About Icade:
Icade is an exchange-listed real-estate company, a subsidiary of Caisse des Dépôts, and engaged in the business of land, real-estate development and related services in the sectors of offices, business parks, shopping centers, public facilities, health and housing. Its expertise in its various business lines enables Icade to provide its clients with tailored solutions and have comprehensive involvement in current real-estate issues. In 2011, Icade posted consolidated revenue of €1.492 billion and had net current cash flow of €223 million. At December 31, 2011, its EPRA triple net asset value was €4.313 billion or €83.7 per share.

The consolidated financial statements have been audited by independent auditors.

Serge Grzybowski will be presenting the 2011 annual results to analysts on February 17, 2012 at 8.30 am.
The slideshow will be available on the following links:
for the version in French: http://www.icade.fr/finance/resultats-publications/presentations-financieres

for the version in English: http://www.icade.fr/en/finance/results-and-publications/financial-presentations

For participants wishing to hear the conference in French or English, we would advise you to register in advance via the following links:
for the version in French:
https://eventreg2.conferencing.com/webportal3/reg.html?Acc=442938&Conf=207424

for the version in English:
https://eventreg2.conferencing.com/webportal3/reg.html?Acc=442938&Conf=207425

Each participant will receive a participating access code, conference access code and the telephone number to call and instructions for joining the conference.
For participants choosing not to pre-register on the above links, we would recommend you to call between 10 and 15 minutes before the start of the conference. This will enable you to obtain the necessary information and to ensure that the conference starts at the stated hour. The numbers are as follows:
France: +33 (0) 1 70 99 32 12
UK: +44 (0) 207 1620 177
Reference code: 911301

The recording of this presentation in French or in English will be available for 10 days from February 17, 2012 until midnight on February 27, 2012.
To rehear the information, numbers are:
+33 (0) 1 70 99 35 29 -- France Paris Access Code: 911301 French version
020 7031 4064 -- UK London Access Code: 2831206 English version

Appendices

I- CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET AS OF DECEMBER 31, 2011

(€ millions)	December 31, 2011	December 31, 2010
Turnover	**1,492.0**	**1,431.8**
EBITDA	**355.5**	**304.4**
In % of revenue	*23.8%*	*21.3%*
Depreciation charges net of investment grants	(148.6)	(149.4)
Charges and reversals related to loss in value on tangible, financial and other current assets	(32.2)	23.2
Profit/loss from disposals	**63.7**	**1,173.9**
Depreciation of goodwill and intangible assets	0.0	0.4
Operating profit/loss	**238.3**	**1,352.5**
Financial Profit/Loss	**(97.2)**	**(99.3)**
Tax on profits	(44.1)	(33.6)
Net profit	98.1	1,222.6
Net profit Group share	**93.0**	**1,218.0**
Net current cash-flow	**223.5**	**175.0**
Data per share in euros		
Number of diluted shares in circulation used in the calculation	***51,695,635***	***51,002,261***
Group share of net diluted earnings per share	***€1.80***	***€23.88***
Net current cash flow per diluted share	***€4.32***	***€3.43***

(€ millions)	12/31/2011	12/31/2010
ASSETS		
Goodwill	79.7	82.8
Net intangible assets	7.3	9.1
Net tangible assets	129.4	135.7
Net investment property	4,878.1	4,495.7
Non-current securities available for sale	2.7	13.0
Securities consolidated by the equity method	1.3	3.8
Other non-current financial assets	9.8	29.1
Deferred tax assets	20.9	14.7
TOTAL NON-CURRENT ASSETS	**5,129.2**	**4,783.9**
Inventories and work in progress	628.4	477.1
Trade debtors	516.5	530.3
Amounts due from customers (building contracts and off-plan sales)	22.1	74.0
Tax credits	6.9	24.8
Miscellaneous receivables	424.6	450.4
Current securities available for sale	0.1	5.2
Other current financial assets	38.3	32.5
Cash and cash equivalents	414.3	648.2
Assets held for sale	99.4	115.5
TOTAL CURRENT ASSETS	**2,150.6**	**2,358.0**
TOTAL ASSETS	**7,279.8**	**7,141.9**

LIABILITIES		
Capital and reserves - group share	**2,738.3**	**2,833.2**
Minority interests	1.7	0.8
CAPITAL AND RESERVES	**2,740.0**	**2,834.0**
Non-current provisions	42.3	47.1
Non-current financial payables	2,575.3	2,598.4
Tax payable	0.0	0.0
Deferred tax payable	9.2	7.1
Other non-current liabilities	188.2	169.0
TOTAL NON-CURRENT LIABILITIES	**2,814.9**	**2,821.6**
Current provisions	22.6	23.7
Current financial accounts payable	423.9	277.2
Tax payable	20.0	13.1
Trade creditors	498.8	520.1
Amounts due to customers (building contracts and off-plan sales)	1.1	5.9
Miscellaneous current payables	657.5	582.1
Other current financial liabilities	11.4	17.6
Liabilities held for sale	89.6	46.6
TOTAL CURRENT LIABILITIES	**1,724.9**	**1,486.3**
TOTAL LIABILITIES, CAPITAL AND RESERVES	**7,279.8**	**7,141.9**

NAV (€ millions)	12/31/2011	6/30/2011	12/31/2010
Group share single net EPRA NAV	4,508.3	4,462.3	4,385.0
Single net EPRA NAV per share (Group share - fully diluted in €)	€87.5	€86.1	€84.8
Group share triple net EPRA NAV	4,312.5	4,352.2	4,208.5
Triple net EPRA NAV per share (Group share - fully diluted in €)	**€83.7**	**€83.9**	**€81.4**

(€ millions)	12/31/2011	6/30/2011	12/31/2010
Net financial debt	2,690.9	2,400.9	2,292.2
Appraisal values of property companies	6,727.3	6,283.8	6,128.9
Loan to value (LTV)	**40.0%**	**38.2%**	**37.4%**

II - ANALYSIS AND COMMENTS ON BUSINESS ACTIVITIES AND RESULTS

A – PRINCIPLES/SCOPE OF CONSOLIDATION

The consolidated financial statements of the Icade Group are established as of December 31, 2011 in accordance with International Accounting Standards (IFRS) as adopted by the European Union pursuant to European Regulation No. 1606/2002 dated July 19, 2002. They were adopted by the Icade Board of Directors' meeting on February 16, 2012 and will be submitted for the approval of the Annual General Meeting, which will be held no later than June 29, 2012. The consolidated financial statements published by the Group on December 31, 2010 were finalized in accordance with the same principles and methods, in light of what is stated in paragraph 1.1 of the appendix to the consolidated accounts.

As of December 31, 2011, the scope of consolidation includes 353 companies, 67 of which are active in Property Investment, 275 in Property Development and 11 in Property Services.
A list of the fully and proportionally consolidated companies and companies consolidated by the equity method is set out in note 37 "scope" of the consolidated appendix.

B – HIGHLIGHTS/KEY FIGURES - 2011

1. Highlights of fiscal year 2011

In 2011, Icade continued its growth in value by following four main themes:

- successful sales with big names,
- a selective external growth policy in the health sector with high value added,
- the creation or continuation of environmentally sound advanced technology projects,
- maintaining access to capital markets through the stability of its Loan to Value (LTV) with a target of around 40%.

In the extension of the memorandum of understanding signed on December 13, 2011 between Caisse des Dépôts, Icade and Groupama, Caisse des Dépôts and Icade sent Groupama a firm offer on December 22, 2011, in an effort to form an equity merger between Icade and Silic through an exchange of securities.

This firm offer was accepted on December 30, 2011 by Groupama, in which holds 43.95% of the capital and voting rights of Silic, a real-estate company, which enjoys the tax status of sociétés d'investissements immobiliers cotées [listed property investement companies].

On December 30, 2011, Caisse des Dépôts contributed its entire stake in Icade, (that is 55.58% of the capital) to HoldCo SIIC, a holding company controlled by Caisse des Dépôts. At the same time, Groupama contributed 6.5% of Silic's capital and voting rights to HoldCo SIIC.

On February 6, 2012, Caisse des Dépôts and Groupama signed a shareholders' agreement governing their relations within HoldCo SIIC. A summary of the clauses falling within the scope of application of the provisions of Article L.233-11 of the Commercial Code were sent to the Company and were the subject of a notice that was disseminated by the AMF on its website.

When it obtained the approval of the *Autorité de la Concurrence* on February 13, 2012, Groupama contributed the balance of its stake in Silic, that is 37.45% of the capital and voting rights, to HoldCo SIIC on February 16, 2012.

As a result of the aforementioned contributions, HoldCo SIIC holds 55.58% of Icade's capital and, in cooperation with Caisse des Dépôts and Icade, 43.95% of Silic's capital and voting rights. As for HoldCo SIIC's capital, it is held by Caisse des Dépôts and Groupama in the amounts of 75.07% and 24.93% respectively.

In conformity with the applicable regulations, Icade will file a public exchange offer in March 2012 for the balance of the Silic shares, as well as an offer to purchase the ORNANEs issued by Silic. HoldCo SIIC has undertaken to contribute its entire interest in Silic to the public exchange offer. Following the operation, Icade will control Silic, which shall be fully consolidated.

The parity proposed in the context of the public exchange offer shall be identical to that used for the contribution to HoldCo SIIC by Groupama with respect to its stake in Silic, that is, 5 Icade shares to 4 Silic shares, [per the] 2011 coupon attached for each of the companies.

Throughout the entire operation, and upon its completion, Icade will remain controlled by Caisse des Dépôts.

The merger between the Icade and Silic groups will result in the first portfolio of office and retail properties in France, with an estimated worth of more than 9 billion euros.

Through these activities, Icade, in a difficult market, improved its financial performance in 2011 and initiated projects, the development of which will ensure its future performance.

By division, the main achievements in 2011 are presented as follows:

Commercial property - increased performance, particularly associated with strong development of the Business Park and Public and Healthcare Amenities businesses.

Change in rental income (in M€) and average net rental rate/rental income

Commercial property:

	Dec 31 2011	Dec 31 2010	Chg. (%)
Offices	114	110	4.0%
Business parks	96	89	7.2%
Shops and shopping centers	22	15	48.3%
Public and healthcare amenities	82	67	22.2%
Warehouses	23	21	9.8%
	337	**302**	**11.6%**
Average net rental rate/Rental income	**92.4%**	**91.4%**	

Change in appraisal values excluding commercial property fees (in M€)

	Dec 2010	June 2011	Dec 2011
Office activity	2,688	2,687	2,675
Business park activity	1,416	1,507	1,542
Shops and shopping center activity	370	434	437
Public and healthcare amenities activity	1,035	1,096	1,514
Warehouse activity	259	247	247
	5,768	**5,971**	**6,415**

Business parks - solutions adapted to the needs of customers:

- Nearly 80 hectares with close access to Paris included in Greater Paris, 24% of which were developed or are in the process of being developed,

- Icade offers generating continued interest in big groups, including:
    - At the end of 2010, the arrival of IFOP, ARS (Agence Régionale de Santé Ile-de-France), Quick France (with a total occupation of 24,700 m²),
    - In May 2011, the signing of an exclusive partnership with Veolia Environnement for a project establishing 85,000 m² with an expected delivery at the end of 2015,
    - In July 2011, the arrival of DIRECCTE (Direction Régionale des Entreprises, de la Concurrence, de la Consommation, du Travail et de l'Emploi) (12,400 m², Icade's share: 50%),
    - In December 2011, the signing of an exclusive memorandum of understanding with the French Ministry of Justice and Civil Liberties (*le ministère de la Justice et des Libertés*), for an acquisition by the Ministry in the Millénaire 3 building, by the end of 2015 (around 34,000 m²).

Public Healthcare Amenities - a growth strategy positioning Icade Santé as the preferred Healthcare real estate partner:

- Critical assets with national coverage:
    - During the second half of 2011, Icade acquired the premises of 11 clinics held and used by the Médi-Partenaires group (acquisition price of approximately €350 million, 1,900 beds and firm leases of 12 years),
    - At the end of 2011, Icade owned 44 clinics and was present in regions with the highest population density (including Ile-de-France, Nord-Pas-de-Calais and the Atlantic coast).

- Preferred relationships with the players in the sector:
    - Since 2009, Icade's partners, tenant-operators, are private operators of high-reputation clinics (Générale de Santé, Vedici, Médi-Partenaires, Harpin, 3H and C2S),
    - During the year 2011, discussions were initiated with various top-ranking third-party investors in view of the opening of the share capital of Icade Santé in the first quarter of 2012.

Offices - an asset management asset securing the financial performance and integrated development in their environment:

- As of December 31, 2011, the main financial indicators were up in comparison with December 31, 2010:
    - Financial occupancy rate: 92.2% (85.1% as of December 31, 2010),
    - Net rent/rental income: 89.0% (88.8% as of December 31, 2010),

- In particular, these increases are the result of the following achievements:

- Successful integration of the assets of the former Compagnie la Lucette (consolidation in mid-February 2010),
- Marketing of the entire Link building (10,200 m^2) located in Paris 15 (a 10-year green lease with the Ingenico group).
- Delivery of 2 LCL office buildings in Villejuif (93).

* The developments of the year mainly concerned projects with innovative scope:
    - Le Beauvaisis (Parc du Pont de Flandre, Paris 19) – delivery in January, 2012 – 12,000 m^2 of offices and business premises - target HQE certification/BBC Renovation,
    - EHQO Tower (La Défense – 92) - delivery expected mid-2013 - 80,000 m^2 of office space on 40 floors - target HQE Renovation and Breeam Very Good certification in progress.

Diversification assets - investment in the assets contributing to the development in its entirety and continuation of the arbitration of non-strategic assets:

* Shopping centers – late April 2011, opening of the "Le Millénaire" shopping center (Aubervilliers - 93):
    - Over 110 major retailers (including Carrefour, Fnac, Toys'R'us, Sephora, Zara, etc.) - 56,000 m^2 of commercial space – HQE Commerce and Breeam Very Good certification,
    - The opening of the center has energized the Business Parks complex. If offers a wide range of services to the employees of the large groups established in the Business Parks.

* Offices in Germany:
    - Finalization of the sale of the building designed for its tenant, Ernst & Young, to the Deka Immobilien Investment fund (19,300 m^2 - DGNB Gold certification).
    - Extension of the term of the leases of the Munich Allach building (59,139 m^2): the term of the lease of the two main tenants, representing over 81% of the rentable space, has been extended by five years. The average term of the leases in the building has increased to nine years.

Residential Property – Pursuit of arbitrages:

* Sale in the 1st quarter of 2011 of a block of 264 residential properties located in Sarcelles for €12 million, as well as the sale of the businesses on the buildings' ground floor, located mainly in Epinay sur Seine, Bagneux, Sarcelles and Créteil for €32.8 million.

* Promise to sell entered into in mid-December with the Maison du Cil (formerly Unilogi) for a total of 495 residential properties located in Epinay sur Seine.

Property Development - a growth in turnover and operating profit of 7% and 15% respectively, resulting from a high level of activity.

Change in turnover (in M€) and EBITDA/turnover ratio, development line:

Turnover (in M€)	Dec 2011	Dec 2010
Residential Property Development	741	659
Commercial property development	373	380
Intra-business	-8	-9
	1,106	**1,031**
EBITDA/Turnover ratio	7.0%	6.5%

Residential Property Development - increase in performance linked to a year of sustained production and to elevated sales growth rates:

- This high level of activity generated:
  - Growth in turnover of 12.4% compared to 2010,
  - An operating profit/turnover rate of 7.7% (up 3.1 points compared with December 31, 2010),
  - A backlog of €883.7 million (up 8.9% compared with December 31, 2010) representing more than a year of turnover.

- In 2011, the number of residential properties commencing construction or delivered during the fiscal year is 8,048 lots, similar to 2010 (8,896 lots), a particularly strong year for demand on the residential property market.

- The elevated sales growth rates are a result of the 2010 sales records (6,788 lots recorded) and sustained sales activity in 2011 (4,695 lots recorded).

Commercial Property Development - profitability linked to the development of three main activities (Healthcare, Offices and Greater Paris - Northeast Paris projects):

- **Healthcare** - a continuous recognition of Icade know-how materializing particularly through the following achievements in 2011:
  - Continuing construction on the Saint Nazaire (44) hospital complex (92,000 m²) (delivery expected in March 2012),
  - Icade Setrhi-Sétae, partner in the Jacquet architectural practice, was designated winner of the contest for main contractor in the construction of the Bezannes (51) private clinic for the Groupe de Courlancy (24 operating rooms, 7 delivery rooms, 10,000 m² of consultation, 580 beds - BBC building, HQE & Reims release in 2020),
  - Main Contractor for Technical Assistance (ATMO, *Assistance technique à Maitrise d'ouvrage*) of several health care establishments within the framework of the 2012 Hospital plan (including the hospitals of Carcassonne (11), Bourg-en-Bresse (01), La Vinatier in Bron (69), etc.)

- **Offices and Shops -** a secured development allied with an active marketing policy, implemented particularly through:
  - In partnership with Altarea-Cogedim, signing an off-plan sales project of the Opale and Ambre buildings, located in Lyon Gerland (69), with the Crédit Mutuel Arkéa group (a total of around 25,000 m² with NF HQE target certification, BBC label),
  - The signing, with the Banque Populaire Rives de Paris, of an off-plan sales project of the Pushed-Slab building located in the future eco-quarter of the ZAC de la Gare de Rungis, Paris 13 (19,000 m², HQE target certification BBC label and Climat de la Ville de Paris plan),
  - The sale, at the end of November 2011, of the Costières Sud program to the Altarea group. Costières Sud is a shopping center in Nîmes (30), dedicated to home equipment (28,500 m²).

- **Greater Paris - Paris Northeast Projects** – 2011 launch of three large-scale projects:
  - Within the framework of the Greater Paris project, reconversion of old warehouses on Boulevard MacDonald, Paris 19 with a target of 165,000 m² of residential properties, offices, shops, businesses and public amenities,
  - In late 2011, the sale of 635 lots to social-housing investors,
  - The reservation of 28% of the 278 lots in a home purchase program.
  - Signing of an off-plan sales promise for an office building (15,000 m²) with RIVP (Régie Immobilière de la Ville de Paris) (HQE target certification BBC label) (delivery expected in 2013).

Services France - continuous growth brought about by the development of profitable sectors, maintaining the level of charges

Change in turnover and EBITDA/turnover ratios

	June 2010	Dec 2010	June 2011	Dec 2011
Turnover (in M€)	45	96	45	102
EBITDA/Turnover	-0.2%	6.7%	5.7%	9.7%

Some new contracts in 2011:

- RFF has retained Icade Conseil in order to help it set up a new contractual framework beginning in 2012 concerning the management of quays and the framing of the policies of the SNCF Gares & Connexions on its assets,
- SOVAFIM (public property) has chosen Icade Expertise to fulfill the services of expertise in property appraisal,
- Operation by Icade Résidences Services of five new residential properties, delivered in the third quarter of 2011 in Vanves (92), Marseille (13) and Villeurbanne (69).

- Creation in November 2011, of the Icade Asset Management company, which will be dedicated to the activity of asset management on behalf of third parties.

Continuation of the rationalization of the scope of activities:

- In late 2011, sale of the shares of the Spanish company, Résa, specializing in the management of student housing (contribution to consolidated turnover in 2011: €7.4 million),
- Icade received an indicative offer and continued discussions with the sale in mind, during the first half of 2012, of the company Icade Résidences Services (turnover in 2011: €42.7 million).

Financing - net debt under control and confirmed access to liquidity

- Loan-to-value (LTV) at 40%, in accordance with Icade's strategy.

- Subscription in mid-November to a private placement with an American long-term investor, Pricoa Capital Group, a division of Prudential Financial, Inc. This placement, in an amount over €90 million with a 15-year maturity, is accompanied by an overall coupon of around 5%.

- A drawing capacity on short and medium-term credit lines of around €344 million, to be used entirely as it sees appropriate.

Sustainable development - effective commitment and achievements

- **Property Investment**: as of December 31, 2011, in appraisal values, the buildings with HQE certification represent 28.0% of the Office (France) assets, Business Parks and Shopping Centers (22.3% in 2010).

- **Property Development**: the service orders initiated, with BBC label, represent in 2011:
  - for commercial property development, 57% of m² net floor area (10% in 2010),
  - for residential property development, 70% of the residential properties (32% in 2010),
  - Icade Setrhi-Setaé, specializing in the design of Healthcare buildings, has obtained the ISO 9001 and 14001 Quality Certifications (sustainable development).

Post-closing events:

None

2. Key Figures

(€ millions)	12/31/2011	12/31/2010	variation
Turnover	**1,492.0**	**1,431.8**	**4.2%**
EBITDA	**355.5**	**304.4**	**16.7%**
Profit/loss from disposals	**63.7**	**1,173.9**	**(94.6)%**
Operating profit/loss	**238.3**	**1,352.5**	**(82.4)%**
Financial Profit/Loss	**(97.2)**	**(99.3)**	**(2.2)%**
Tax Burden	**(44.1)**	**(33.6)**	**31.2%**
Net profit Group share	**93.0**	**1,218.0**	**(92.4)%**
Net current cash flow	**223.5**	**175.0**	**27.7%**

Icade's **Turnover** totaled €1,492.0 million as of December 31, 2011 compared with €1,431.8 million as of December 31, 2010. This growth is associated with the increase in all the strategic segments of Icade, due mainly to:

- Commercial Property through active marketing of the Offices and Business Parks and through investments in the strategic assets of the Healthcare sector,
- Property Development through a high level of activity in housing development and,
- Services through a diversification of the client portfolio

(€ millions)	12/31/2011	12/31/2010	variation
Turnover			
Property investment	364.0	394.2	**(7.7)%**
Property development	1,106.3	1,030.8	**7.3%**
Services	110.1	107.4	**2.5%**
Other*	(88.4)	(100.5)	**(12.1)%**
Total revenue	**1,492.0**	**1,431.8**	**4.2%**

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

The turnover of the **Property Investment Division** can be broken down into €339.1 million for Commercial Property and €25.9 million for Residential Property.
Turnover in Commercial Property increased by 11.7% compared with 2010 totaling €339.1 million as of December 31, 2011. This increase is due, in similar proportions, to the use of assets delivered in 2011 (particularly the office in Villejuif (94) rented to LCL and the Le Millénaire shopping center in Aubervilliers (93)), through the proper integration of assets of the former Compagnie la Lucette since February 2010 and through the revenue of the premises of the newly acquired clinics. The turnover from the Residential Property Investment went from €91.2 million in 2010 to €25.9 million after the sale of over 23,000 residential properties in 2010 to a consortium of 26 social-housing investors.

Turnover from the **Property Development Division** in 2011 went from €1,030.8 million in 2010 to €1,106.2 million in 2011. The bulk of this increase came from the Residential Property business, turnover of which increased from 12.4% through increased sales and site growth rates. Turnover in Commercial Property Development decreased by 1.9% compared with 2010. The impact of the offices programs marketed in late 2010 and in 2011 will affect turnover beginning in 2012.

Turnover of the Services Division in France increased by 6.1% in line with the development of the Property Management and Résidences Services businesses. Turnover of the international businesses dropped by 11.1% after the sale of the Italian subsidiary (2010) and Spanish subsidiary (2011).

The growth of turnover for **Others**, corresponding to the elimination of intra-group operations, reflects the decline in the number of operations carried out off-plan and under development contract by development on behalf of property investment. The collaboration of property development with the operations of Commercial Property takes place through Contracting Authority Assistance contracts.

Icade's consolidated turnover, as of December 31, 2011, breaks down as follows: 24.4% for Investment, 74.1% for Development, 7.4% for Services and (5.9%) for Others.

EBITDA totaled €355.5 million as of December 31, 2011, compared with €304.4 million on the same date in 2010. The breakdown for Investment is 80.9%, for Development, 23.1%, for Services, 2.9% and for Others (6.9)%.

(€ millions)	12/31/2011	12/31/2010	Variation
EBITDA			
Property investment	287.7	263.6	**9.1%**
Property development	82.0	60.9	**34.6%**
Services	10.2	8.3	**22.7%**
Others	(24.4)	(28.4)	**(13.5)%**
Total EBITDA	**355.5**	**304.4**	**16.7%**

EBITDA for the **Commercial Property Investments Division** totaled €287.7 million as of 31st December 2011 (up €24.1 million compared with 2010). The main explanations for this increase are, on one hand, the improvement of the Commercial Business Parks businesses (up €10.9 million) followed by the sale of vacant space and better control of expenses, and on the other, growth by acquisition of the Public and Healthcare Amenities businesses (up €13.4 million). The EBITDA of the Residential Development business went from €9.8 million in 2010 to €3.0 million in 2011, in line with the sales.

The growth of the EBITDA of the **Property Development Division** (up 34.6% compared with 2010) was largely carried by the Residential Development business. The latter, compared with 2010, increased its EBTIDA 2.5 times due to a sustained level of production. The EBITDA of the Residential Property development was €56.7 million in 2011 and represents 69.2% of the EBITDA of the division. The EBITDA/Turnover rate of Commercial Property Development went from 10.0% in 2010 to 6.8% in 2011 after the drop in turnover limiting absorption of the period’s expenses.

The EBITDA of the **Services Division** in France increased 1.5 times compared with 2010 following the implementation of the consistent strategy to develop the profitable sectors and to control the expenses. The international EBITDA dropped in line with the sales.

Operating profit totaled €238.3 million as of 31st December 2011 compared with €1,352.5 million as of 31st December 2010.

(€ millions)	12/31/2011	12/31/2010	variation
Operating profit/loss			
Property investment	175.8	1,290.0	**(86.4)%**
Property development	77.1	67.1	**14.9%**
Services	9.3	6.9	**33.5%**
Others	(23.9)	(11.5)	**108.8%**
Total Operating profit	**238.3**	**1,352.5**	**(82.4)%**

This drop is mainly due to capital gains on sales from the Residential Property Investment.

The variation between 2010 and 2011 of EBITDA and revenue items is detailed below:

- **Net capital gains from sales** in 2011 totaled €63.7 million compared with €1,173.9 million in 2010. In 2010, over 23,000 residential properties were sold, generating €1,157.7 million of capital gains from sales compared with €32.4 million in 2011.

- **Net amortization expenses** totaled €148.6 million in 2011 (€149.4 million in 2010).

- The **charges and reversals linked to loss in value on assets** were consistent in 2011 with a net charge of €32.3 million compared with a net reversal of €23.2 million in 2010. The net charge in 2011 relates to an amount of €20 million in the property development assets (mainly the Scor Tower and the assets to be refurbished) and €12 million in development operations (in order to translate the risks associated with the Greater Paris - Northeastern Paris projects). In 2010, the net reversal is primarily due to the voiding of risks associated with assets transferred from the Residential Property division and the reversal of provisions for investment into Residential Property Development following the jump-start of this business.

The **Net Profit Group Share** reached €93.0 million, compared with €1,218.0 million as of 31st December 2010.

The Net Current Cash Flow totaled €223.5 million as of 31st December 2011 (up 27.7% compared with 2010).

The performance growth of all divisions contributed to this rise. At the same time, Icade controlled its cost of debt, despite rising market rates and high pressure on financing margins. Through the management of financial resources, Icade lowered the average outstanding gross debt of €307.5 million and stabilized its average cost of financing at 4.08% (after hedging) compared with 3.93% in 2010.

(€ millions)	12/31/2011	12/31/2010	Variation
EBITDA	***355.5***	***304.4***	***16.7%***
Financial profit/loss	(97.2)	(99.3)	(2.2)%
Effect of non-discounting exit tax	*0.0*	*1.7*	(100.0)%
Current financial profit/loss	***(97.2)***	***(97.6)***	***(0.5)%***
Corporate tax	(44.1)	(33.6)	31.2%
Tax on provision for depreciation on client contracts and net release of investment provisions - Property Development Division	0.0	1.6	(100.0)%
Tax on capital gains from sale (**)	9.3	0.2	
Current corporate tax	***(34.8)***	***(31.8)***	***9.0%***
NET CURRENT CASH FLOW	**223.5**	**175.0**	**27.7%**

(*) The corporate tax results partly from the activities of the Property Development and Services divisions and partly from Icade's "Holding" activity.
(**) Including corporate tax on capital gains on disposal of non-SIIC affiliated companies

Loan to value (LTV):

(€ millions)	12/31/2011	6/30/2011	12/31/2010
Net financial debt	2,690.9	2,400.9	2,292.2
Appraisal values of property assets	6,727.3	6,283.8	6,128.9
Loan to value (LTV)	**40.0%**	**38.2%**	**37.4%**

As of 31st December 2011, Icade's **net debt** reached €2,690.9 million (compared with €2,292.2 million on 31st December 2010).

The **appraisal value** of Icade's real-estate assets (excluding rights) as established by independent experts was €6,727.3 million as of 31st December 2011, compared with €6,128.9 million on 31st December 2010.

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 of development, service and public & private partnership (PPP) operations and the appraisal value of the assets (excluding rights) of the Property Division, reached 40.0% as of 31st December 2011 compared with 37.4% on 31st December 2010.

NAV:

(€ millions)	12/31/2011	6/30/2011	12/31/2010
Group share single net EPRA NAV	4,508.3	4,462.3	4,385.0
Single net EPRA NAV per share (Group share - fully diluted in €)	€87.5	€86.1	€84.8
Group share triple net EPRA NAV	4,312.5	4,352.2	4,208.5
Triple net EPRA NAV per share (Group share - fully diluted in €)	**€83.7**	**€83.9**	**€81.4**

Note, the NAV published on 31st December 2010 was the liquidation NAV (group share - fully diluted: €4,186.8 million and €81.4 per share).

When calculating EPRA NAV, dilution from stock options increases the consolidated shareholders' equity and the number of shares up to the number that may be exercised at the close of the fiscal year.

Note: the liquidation NAV published above was calculated using the share-buyback method for calculating the dilution with no impact on the consolidated shareholders' equity. The application of either method leads to an almost identical NAV per share.

C - ACTIVITY AND RESULTS 2011

1. Property investment

1.1 Property Investment Division

(€ millions)	12/31/2011	12/31/2010	Variation
Turnover	**338.1**	**303.0**	11.6%
EBITDA	**284.7**	**253.7**	12.2%
EBITDA/Revenue	*84.2%*	*83.7%*	
Operating profit/loss	**138.9**	**120.8**	15.0%

Introduction

The **Icade Property Investment Division's** presence is mostly focused on the office and business park segment in the Ile de France region. Icade is also present in the segments of shopping centers and healthcare establishments. Finally, and more marginally, Icade is also present in segments that are not target assets, including logistical platforms and offices in Germany.

Offices in France:

Icade owns office buildings (with a total area of 370,000 m^2), mainly in Paris, in the Western Quadrant and in Villejuif.

Business Parks:

Icade owns nearly 80 hectares in the communities of Paris 19, Saint-Denis and Aubervilliers. It is creating a business complex there, providing diversity and services with the aim of sustainable development.

The Business Parks business is distinguished by its strong organic growth potential. This is why the Commercial Property division concentrates a large part of its medium-term investment both in refurbishing existing assets and in building new assets. This business is a future cash-flow generator and a significant value creator.

Shops and Shopping Centers:

This activity covers:

- Holding a shopping center in Montpellier, since its delivery in October 2009 (a 50% holding with Klépierre) managed by Icade;
- Holding a shopping center in Aubervilliers, since its delivery in April 2011 (a 50% holding with Klépierre) managed by Klépierre;
- Holding stores such as "Mr. Bricolage", that are instant and recurring cash-flow generators;

Public and Healthcare Amenities:

In four years, Icade has become a major player in healthcare. Since 2007, Icade has been building a portfolio of 44 healthcare establishments, which are characterized by:

- Assets that are instant cash-flow generators;
- Initial fixed-term leases of 12 years;
- Rental margin rates (net/gross rent) close to 100%.

Icade has the support of a team with know-how that is recognized in the market.

At the same time, the Public and Healthcare Amenities business includes the use of an office building located in Levallois rented to the Ministry of the Interior and the use of a child day-care service located in Toulouse.

Warehouses:

This business consists primarily of holding a portfolio of assets leased to the Casino Group representing 431,000 m^2.

Offices Germany:

Icade owns a residual portfolio of offices in Germany, which now consists of eight buildings (with a total area of 140,000 m^2) located mainly in Munich, Hamburg and Berlin, and 80 hectares of property reserves.

1.2 Key figures as of 31st December 2011

The turnover of the **Commercial Property Investment** division represented €338.1 million as of 31st December 2011, up by 11.6% compared with 31st December 2010. On a like-for-like basis, it grew 2.6%.

Turnover (€m) after elimination of intragroup Business Park activities	2011	2010	Δ	Δ Like-for-like
Offices France	98.6	93.6	+ 5.3%	+ 2.1%
Business parks	95.8	89.3	+ 7.3%	+ 6.9%
Shops and Shopping Centers	22.1	14.9	+ 48.3%	(0.7)%
Public and healthcare amenities	82.2	67.4	+ 21.9%	+ 0.3%
Warehouses	23.1	21.0	+ 9.8%	(3.1)%
Offices Germany:	16.3	16.7	(2.3)%	+ 1.1%
BUSINESS PARKS	**338.1**	**303.0**	**+ 11.6%**	**+ 2.6%**

Rental income, on a like-for-like basis, improved by 2.6% compared with 2010.

Rental Income (€m) after elimination of intragroup Business Park activities	2010	Acquisit°	Disposals	Indexations	Rental business	Others	2011
Offices France	93.0	9.7	(6.7)	0.8	1.2		97.9
Business parks	89.3	1.0	(0.7)	1.4	4.8		95.7
Shops and Shopping Centres	14.9	7.3		0.1	(0.2)		22.1
Public and healthcare amenities	66.8	14.7	(0.1)	0.7	(0.3)	(0.2)	81.7
Warehouses	21.0	2.7		0.0	(0.7)		23.1
Offices Germany:	16.7		(0.7)		0.2		16.2
BUSINESS PARKS - Rental income	**301.7**	**35.4**	**(8.2)**	**3.1**	**4.9**	**(0.2)**	**336.7**
Other Turnover	1.3				0.1		1.4
BUSINESS PARKS - Turnover	**303.0**	**35.4**	**(8.2)**	**3.1**	**5.0**	**(0.2)**	**338.1**

Acquisitions and delivery of assets: €35.4 million of supplementary income:

Rental income associated with the delivery of assets totaled €10.5 million. This covers the two office assets located in Villejuif (€2.3 million), and the Millénaire Shopping Center in Aubervilliers opened in April 2011 (a €5.2 million share);

Rental income associated with the purchase of assets in 2010 and 2011 totaled €24.9 million. This mainly involves assets of the former Compagnie la Lucette for €10.4 million (full year effect in 2011 since the purchase of assets in February 2010), clinics for €12.5 million, recreation centers 1 & 2 in Montpellier for €1.3 million and the Mr. Bricolage stores for €0.7 million.

Transfers and refurbishments: €8.2 million in loss of rent in 2011

These are due mainly to arbitrations in May 2010 of the Colisée asset located in La Défense (€3.3 million) and, in July 2011, of the Atrium asset located in Paris (€3.1 million).

Rentals (rentals, re-rentals, renewals and departures) and other: €4.9 million of supplementary income

Due mainly to sales in 2010 and 2011:

- the remainder of vacant areas in the Millénaire 2 building (€4.0 million in rent)
- one third of the area of the H20 building in Rueil-Malmaison (€2.3 million of supplemental rent generated in 2011) bringing its physical occupation to 75% as of 31st December 2011.
- Marketing of the Link building located in Paris 15 (€0.7 million in rent)

The difference is due mainly to the effect of the lease renewals in 2010 and 2011. In fact, with a goal of securing sustainable cash flows, Icade has continued discussions with its tenants, either taking advantage or in anticipation of the expiration of certain leases, in order to bring corresponding rents up to market rates in exchange for a longer fixed term of these leases.

For the Shops and Shopping centers business, the drop in rental income, on a like-for-like basis, was mainly due to the impact of the variable portion of the rents associated with the drop in turnover of the Mr. Bricolage stores (€0.2 million).

For the Warehouse business, the drop in rental income, on a like-for-like basis, is associated mainly with the renewal of lease on the Longvic warehouse (a €0.3 million drop in rental income in exchange for a fixed-term extension to the 5-year lease compared with year-end 2010). The balance is due to an increase in the delay in marketing some assets (periods of financial vacancy) in the year 2011. This is the case for the Marignane and Saint Quentin Fallavier warehouse (a €0.3 million euro drop in rental income).

The **net rent** of the Commercial Property Investment division stood at €311.2 million for the year 2011, i.e. a margin of 92.4%, an increase of 1.0 point compared with 2010.

Net rental income (€m)	2011		2010	
	Net rental inc	Margin	Net rental inc	Margin
Offices France	87.1	89.0%	82.5	88.8%
Business parks	87.2	91.1%	77.3	86.6%
Shops and Shopping Centres	20.1	90.8%	14.6	98.3%
Public and healthcare amenities	80.3	98.3%	65.6	98.2%
Warehouses	21.0	91.0%	19.8	94.0%
Offices Germany:	15.6	95.9%	15.8	94.9%
BUSINESS PARKS	**311.2**	**92.4%**	**275.7**	**91.4%**

This change is due mainly to improvement in the recovery of operating expenses following the sales in the 2nd half of 2010 (Millénaire 2 and H2O in Rueil Malmaison) and in 2011 (Link Building in Paris 15).

For the Shops and Shopping Centers business, the drop in the margin between 2010 and 2011 is associated with the launch of the Le Millénaire Shopping Center, inaugurated in April 2011, at considerable costs associated with advertising and marketing initiatives. In order to energize the use of the center opened in April 2011 and introduce it locally and regionally, significant launching costs for publicity and marketing campaigns were committed.

For the Warehouse business, the drop in the margin between 2010 and 2011 was due to a more significant financial vacancy in 2011 leading to a decline in rental income and an increase in expenses not recovered.

The **Operating Profit/Loss** for the Commercial Property Investments division was €138.9 million as of 31st December 2011, an increase of €18.1 million compared with 31st December 2010.

Operating inc (in millions of euros):	2011		2010	
	RO	EBIT / TO	RO	EBIT / TO
Offices France	33.1	33.6%	41.4	44.2%
Business parks	43.5	45.4%	33.6	37.6%
Shops and Shopping Centres	6.6	29.7%	7.5	50.3%
Public and healthcare amenities	45.1	54.9%	37.5	55.6%
Warehouses	(1.9)	(8.1)%	(5.1)	(24.0)%
Offices Germany:	12.5	76.6%	5.9	35.4%
BUSINESS PARKS	**138.9**	**41.1%**	**120.8**	**39.9%**

This increase is due to:

- A significant increase in Net Rent compared with 31st December 2010 (an increase of €35.5 million) associated with the effects of changes in scope and better recoverability of the operating expenses of the buildings.
- Capital gains from the sale of assets at €19.4 million (see details of the sales in sector 1.5 Arbitration Activity).

The increase was softened by:

- Asset depreciation of €23.3 million, mainly associated with the Scor Tower (€13.2 million over 2011), the balance representing the depreciation on assets to be refurbished;
- An increase in the provisions for depreciation compared with 2010 (€11.2 million in additional provisions for depreciation) mainly associated with the acquisitions and deliveries of assets in 2010 and 2011.

1.3 Rental business

Breakdown of indicators by business

Activities	Rentable floor space	Rented floor area	Phys Occupation Rate	Financial Occupation Rate	Annualized rental inc €m	Avg rental inc / m2	Residual duration of firm leases (yrs) (*)
Offices France	287,600	261,109	90.8%	92.2%	106.9	415	4.9
Business parks	471,968	442,686	93.8%	93.9%	96.4	271	3.6
Parc du Mauvin	16,305	16,305	100.0%	100.0%	2.8	170	1.8
Parc du Millénaire	66,822	64,327	96.3%	96.4%	20.2	314	4.2
Parc du Pont de Flandre	78,510	74,677	95.1%	95.4%	22.3	299	4.5
Parc des Portes de Paris (Aubervilliers)	237,199	220,947	93.1%	92.3%	39.0	177	2.6
Parc des Portes de Paris (Saint Denis)	65,527	59,927	91.5%	90.2%	9.8	163	5.0
Quartier du Canal	7,606	6,503	85.5%	93.4%	2.3	357	1.7
Shops and Shopping Centres	211,295	209,625	99.2%	97.4%	23.9	113	5.6
Shopping Centres	53,430	51,760	96.9%	95.8%	14.5	280	2.8
Mr Bricolage shops	157,864	157,864	100.0%	100.0%	9.5	60	10.0
Public and healthcare amenities	617,186	617,186	100.0%	100.0%	99.7	162	10.2
Clinics	586,229	586,229	100.0%	100.0%	87.9	150	9.6
Others	30,957	30,957	100.0%	100.0%	11.9	383	14.8
Warehouses	598,470	537,530	89.8%	89.8%	22.0	41	5.4
Casino Warehouses	430,846	430,846	100.0%	100.0%	17.6	41	6.2
Other Warehouses	167,624	106,684	63.6%	64.0%	4.4	42	2.3
Offices Germany:	120,397	105,845	87.9%	91.6%	16.2	153	6.8
BUSINESS PARKS	**2,306,917**	**2,173,981**	**94.2%**	**94.7%**	**365.2**	**168**	**6.2**

(*) All of the rents collected for the term of the lease

The financial occupancy rate improved by 3.7 points to 31st December 2011 compared with 31st December 2010 (91.0%). This change is due to the sales detailed below.

New Agreements

For the fiscal year 2011, Icade signed 207 **new leases** covering close to 105,000 m^2 and representing €23.9 million in annual rent (including 26,000 m^2 for the Millénaire shopping center).

New Agreements - Assets in Operation:

- Marketing all of the office space of the **Link building** located at 28-32 Boulevard de Grenelle in Paris 15 to the Ingenico group in June 2011 (10,200 m2 - effective date 1st November 2011);
- Marketing of the balance of the vacant space of the **Messine building** located on Rue de Messine in Paris (8th arrondissement) with the company Oberthur (2,200 m2 - effective date 1st April 2012);
- Marketing of 26% of the vacant space of the **Factory building** in Boulogne (92) in January, 2012, with the Al Jazeera Sport company (3,700 m2 - effective date 24th January 2012);
- Marketing of 15% of the vacant space in the **521 building** to the Fnac group in June, 2011 (2,200 m^2 0 effective date 15th June 2011);
- Marketing of 38% of the vacant space in the **521 building** in January 2012 to the Endemol Production group (6,900 m^2 - effective date 1st July 2012);
- Marketing in July, 2011 of **Millénaire 6** located in the Parc du Millénaire to DIRECCTE (*Direction Régionale des Entreprises, de Concurrence, de la Consommation, du Travail et de l'Emploi d'Ile de France*) (Ile de France - a 6,200 m^2 share - effective date 1st July 2011);

- Marketing of 44% of the space in building 126 in the Parc des Portes de Paris in October, 2011, with Group Nike France (1,600 m² - effective date 6th October 2011);

- Marketing of all of the space in **building 267** in the Parc des Portes de Paris in August 2011, with company Tarkett France (4,200 m² - effective date 22nd August 2011);

- The marketing of space in the **Le Millénaire shopping center** by the end of December 2011 based on the leases signed and reservations (including Boulanger, Carrefour, C&A, Fnac, H&M, Sephora, Toys'R'Us, Zara, etc.).

New Agreements - Developing Assets:

- An exclusive partnership agreement with **Veolia** concerning an establishment project of around 85,000 m² intended to house the grouping of around 4,000 people in the Millénaire in Aubervilliers by the end of 2015.

  Icade is also finalizing its programming for the development of the northeast quarter of Paris. Veolia Environment is already positioning its new head office and is part of the renewal if this quarter. This project, responding to the latest environmentally sound technologies and energy performance and directly overlooking the courtyards of Aubervilliers, will mark the entry to the Eco-District. It will develop around 85,000 m² at the ground level of the new transportation systems and foreshadows what will be the Icade eco-district.

- The signing in December 2011, of a memorandum of understanding with the State, concerning the location and/or the sale of block 3 of the Parc du Millénaire to the Ministry of Justice and Civil Liberties. In January, 2012, Icade has thus initiated the design studies of this building of around 34,000 m² net floor area.

  The building permit, filed in the month of July 2011, was obtained on 9th December 2011. The plans provide for work to begin at the end of 2012/beginning of 2013, for delivery of the building in April 2015.
  It is a new-build with seven levels over the ground floor, also including 2 infrastructure levels including 345 parking spaces and archive premises. The project, entrusted to the KPF architectural practice, is based on an atrium protected by a glass roof and at the base of which all of the services will be grouped together (lobbies, restaurant, cafeteria, concierge service). HQE-certified with BREEAM Excellent, it will also be labeled BBC.

Renewals

In 2011, Icade continued its rental policy, which consists of offering its main tenants the **renewal** of their leases in order to secure a sustainable cash flow. This asset management work resulted in the signing of 29 leases covering 107,400 m².

The renewals have secured €14.5 million in headline rents over an average fixed term of 5 years.

Tenant Departures

Departures during 2011 covered 72 leases (49,000 m²) and represented a rental loss of €4.9 million.

The different types of **vacant areas** as of 31st December 2011 must be differentiated in terms of impact according to their use. They mainly involve the following assets:

Assets in Operation	Municipalities	Vacant areas (m²)	Potential rental inc €m
H_2O	Rueil-Malmaison	5,300	1.8
Factory	Boulogne	10,200	5.0
Other Offices France		11,000	2.3

	Subtotal Offices France	**26,500**	**9.1**
Bâtiment 521 *	Aubervilliers	5,900	0.9
Bâtiment 026	Paris	2,800	0.9
Bâtiment 270	Aubervilliers	2,700	0.8
Millénaire 5	Aubervilliers	2,500	0.7
Other business parks		15,400	3.0
	Subtotal business parks	**29,300**	**6.3**
CC Le Millénaire	Aubervilliers	1,500	0.6
Other Shopping Centres		200	0.1
	Subtotal Shopping Centers	**1,700**	**0.6**
Tharabie	Saint Quentin Fallavier (38)	33,000	1.3
Eurofret	Strasbourg (67)	19,600	0.9
Rognac	Rognac (13)	5,200	0.2
Other Warehouses		3,100	0.1
	Subtotal warehouses	**60,900**	**2.5**
Other Offices Germany		14,600	1.5
	Subtotal Offices Germany	**14,600**	**1.5**
		133,000	**20**

(*) The above table includes the rented areas at the beginning of 2012 (Al Jazeera Sport in the Factory building and Endemol Productions in 521).

List of Main Tenants as at 31st December 2011

Occupants	Rents %	Rented floor area %
Générale de Santé	7.2%	6.0%
Groupe Medi Partenaire	6.3%	6.9%
Groupe Vedici	6.2%	8.1%
PwC	5.9%	1.4%
Groupe Casino	4.8%	19.8%
Crédit Agricole SA	4.6%	2.9%
Groupe Scor	3.6%	1.4%
Ministère de l'Interieur	3.2%	1.4%
Groupe Icade	2.6%	1.4%
Groupe Mr Bricolage	2.6%	7.2%
Groupe Harpin	2.0%	2.3%
Groupe Rhodia	1.8%	1.7%
Groupe Pierre & Vacances	1.7%	0.9%
Groupe 3H	1.5%	2.2%
GMG (t-systems)	1.5%	1.8%
Agence Régionale de Santé	1.4%	0.8%
Groupe Axa	1.3%	0.3%
Euromédia France	1.3%	1.7%
Groupe Ingenico	1.2%	0.5%
Club Méditerranée	1.0%	0.6%
Balance	38.2%	30.7%
	100%	**100%**

As at 31st December 2011, the 10 biggest tenants accounted for total annual rentals of €171.6 million (47% of annual rentals).

Lease Maturities by Business in annual rents (€ millions)

Activities	Offices France	Business parks	Shops and Shopping Centres	Public and healthcare amenities	Warehouses	Offices Germany:	Total	%
2012	21.9	12.0	2.4	0.0	1.6	1.2	**39.1**	**10.7%**
2013	7.0	26.8	3.8	2.4	1.8	1.7	**43.5**	**11.9%**
2014	12.3	20.6	3.2	0.0	3.7	1.2	**41.0**	**11.2%**
2015	13.3	6.4	3.5		3.3	1.0	**27.5**	**7.5%**
2016	8.4	7.6	0.0	0.0		1.7	**17.8**	**4.9%**
2017	1.4	4.3	0.0	0.2	2.3	1.2	**9.5**	**2.6%**
2018	6.0	4.2			0.8		**11.0**	**3.0%**
2019	2.7	9.4	0.8	13.7		1.5	**28.0**	**7.7%**
2020	3.5	2.1	1.0	27.4	8.5		**42.5**	**11.6%**
>2020	30.3	3.0	9.3	56.0		6.7	**105.4**	**28.9%**
Total	**106.9**	**96.4**	**23.9**	**99.7**	**22.0**	**16.2**	**365.2**	**100.0%**

As of 31st December 2011, the **average fixed lease term** is 6.2 years and is identical compared with 31st December 2010. This stability is associated with the lease renewals signed in 2011, with the new sales that occurred over the year and with acquisitions (mainly clinics) made in 2011.

Rental Position – Risk of rent revision

Activities	Annualized rental inc €m	Rents at risk (in €M)	%	Market rents (in €M)	Potential risk (€m)
Offices France	106.9	19.1	17.9%	16.4	(2.7)
Business parks	96.4	11.7	12.1%	9.3	(2.4)
Shops and Shopping Centres	23.9		0.0%	-	-
Public and healthcare amenities	99.7	-	0.0%	-	-
Warehouses	22.0	-	0.0%	-	-
Offices Germany:	16.2	-	0.0%	-	-
BUSINESS PARKS	**365.2**	**30.8**	**8.4%**	**25.7**	**(5.1)**

Icade, which has benefited from continuous increases in rental fees, must sometimes meet the demands of certain tenants to revise their leases under article L145-39 of the French Commercial Code. This specifies that if, through indexing, the amount of indexed rent is 25% greater than the amount of the initial rent, the tenants have the right to request that their rent be revised in order to bring it in line with the respective market values.

The analysis, made within the scope of the Commercial Property Investment Division, nevertheless shows that the risk is limited.

The potential risk of a return to market rental values represents €5.1 million, i.e. a risk of a potential loss of rent of around 1.4% over the entire Commercial Property Investment division.

Average Age of Assets Operated by Business

Activities	Appraised value DI 12/2011 €m	o/w HQE	Average age of assets < 10 years	Average age of assets < 10 years
Offices France	1,883	599	1,434	449
Business parks	1,463	417	666	797
Shops and Shopping Centres	458	201	378	80
Public and healthcare amenities	1,548		1,155	393
Warehouses	261		183	78
Offices Germany:	264		207	57
BUSINESS PARKS	**5,877**	**1,217**	**4,023**	**1,854**
			68%	**32%**

The average age of the assets was calculated taking into account the latest asset-restructuring events that have taken place.

With regard to the assets operated by the Commercial Property Investment Division, based on appraisal values (rights included) as of 31st December 2011 of the assets in operation, close to 68% were built or renovated after fewer than 10 years.

Furthermore, the share of the HEQ-certified assets in use are close to 21% as of 31st December 2011 an increase of nearly 6% compared with 31st December 2010 because of the delivery of Le Millénaire Shopping Center in April, 2011 (the EQHO Tower and the Beauvaisis building are not included in this indicator since they were in development as of 31st December 2011).

Geographical Breakdown of Assets

Geographic Region	Annualized rental inc €m	%	Rentable floor space	%
Paris QCA	15.7	4.3%	25,550	1.1%
West suburbs	75.4	20.6%	176,200	7.6%
Other Paris	46.7	12.8%	152,393	6.6%
Other suburbs	107.9	29.5%	589,640	25.6%
Regional	103.3	28.3%	1,242,736	53.9%
Foreign	16.2	4.4%	120,397	5.2%
	365.2	100.0%	2,306,917	100.0%

The Office and Business Parks of the Commercial Property division are mainly located in the Paris and Ile-de-France region.

The Shops and Shopping Centers and Clinics assets are mainly located in the Ile-de-France and in the provinces.

1.4 Investment business

Icade has continued the development of its assets in order eventually to increase its cash flow and, at the same time, has acquired health assets that produce immediate cash flow. The amount of these investments over the period totaled **€733.5 million**.

Assets	Total	Acquisition of assets:	Asset restructuring	Constructions Extensions	Major renovations
Offices France	180.8	0.0	102.9	68.7	9.2
Business parks	47.8	0.0	17.2	9.7	20.9
Shops and Shopping Centers	34.1	7.7	0.0	26.2	0.2
Public and Healthcare Amenities:	459.6	399.8	0.0	59.8	0.0
Warehouses	5.5	0.0	0.0	0.0	5.5
Offices Germany:	5.8	0.0	0.0	1.3	4.5
BUSINESS PARKS	**733.5**	**407.5**	**120.1**	**165.6**	**40.2**

This policy can be divided into four types of investments:

Asset acquisitions: a selective strategy concerning the assets with high profitability and instant cash flows. This can be further divided as follows:

- Public and Healthcare Amenities: €399.8 million. They concern the acquisition of two portfolios for around €350 million, representing a total of 11 clinics. These establishments (150,000 m² - 1,900 beds) are subject to 12-year fixed leases signed with the Médi-Partenaires operator, the 3rd largest private hospital group in France operating 25 clinics. This transaction allows Icade to continue its development and diversification based on rental in the healthcare sector.

These new acquisitions form part of the investment strategy that Icade is carrying out in healthcare (a strategy to build up an attractive portfolio in terms of net yield, with several operators and, therefore, with a satisfactory diversification of rental risk) and complete its nationwide coverage, with a total portfolio of 7,400 beds and places for an area of approximately 585,000 m².

Finally, it is worth noting that the majority of the leases are very favorable to the Clinics business, since the tenant is contractually obliged to take on all the charges and the expenses for maintenance and renovation (net triple rent).

During the year 2011 when these acquisitions were being made, discussions were initiated with various top-ranking third-party investors in view of the opening of the share capital of Icade Santé during 2012.

- Shops and Shopping Centers: acquisition in 2011 of three stores operated by the Mr. Bricolage group (€7.7 million) within the framework of the partnership with this tenant.

Asset restructuring: selective strategy to develop the assets generating a significant potential for profitability. This includes:

- Offices in France at €102.9 million and concern the work of the EQHO Tower (formerly the Descartes Tower) within the framework of its refurbishment;

The EQHO Tower

Icade started renovation work on the tower it owns in March, 2010, signing a corporate general works contract with the company BATEG (VINCI Group).

These works begin with the cleaning and removal of asbestos from all the levels of the tower and will continue with the total renovation of all internal spaces.

Furthermore, during 2010 it was decided to create a second category of the works program, which consists of replacing the façade of the tower and renovating the parking area and the external spaces; an amendment to the works contract was also signed with the firm in December, 2010.

The building permit, relating to category 3 of the works was obtained on 26th April 2011 and work on this phase will commence at the beginning of October, 2011.

The base of the tower is to be refurbished (floors -1 to 4), creating a second access from Boulevard Circulaire in La Défense, and to create a certain number of services areas at ground level of the building.

The tower, thus renovated, can claim an equivalent positioning to the latest generation towers in La Défense (quality of services, environmental labels, "premium" rent level).

It will be available for rent at the end of the first half of 2013.

- Business Parks: €17.2 million concerning the works at Beauvaisis (028).

Le Beauvaisis:

This building is located in the Parc du Pont de Flandre, Paris 19. This park extends over an enclosed 5 ha and offers more than 90,000 m² of offices and business premises over 13 buildings. The park is located in immediate proximity to the Porte de la Villette, close to the Corentin Cariou metro station (line 7). The park has two inter-company restaurants, two cafeterias, a fitness center and a daycare service. It is surrounded by 10,000 m² of landscaped green spaces.

The works on Le Beauvaisis consist of a very extensive renovation. As of December 31, 2011, the cost of the renovation work was €37.5 million.

Since its launch, this project has been the subject of an HQE certification process. Certification was obtained in April 2009 for the "program" phase, based on the following high-performance profiles:

- The relationship of the building with its environment;
- Energy management;
- Management of waste from the activity;
- Maintenance and permanence of environmental performance.

It concerns the first Parisian operation obtaining the BBC Renovation labeling plus an HQE certification.

Delivery took place at the beginning of 2012.

Construction/extension of assets: these investments mainly involve:

- Offices in France: metropolitan operation in Villejuif for €54.8 million invested over FY 2011, consisting of the construction of 80,000 m^2 of offices space spread out over five buildings. As of 31st December 2011, four buildings (62,500 m^2) were in operation and fully rented to tenant LCL. In fact, the Rhin building was delivered in December 2011 (20,500 m^2). The last building, Garonne, will be delivered in March 2012. These buildings are part of a purchase option that can be exercised by LCL as from 1st July 2012.

- Shops and Shopping Centers: €26.2 million concerning the end of work on the Millénaire shopping center in Aubervilliers. Delivery took place in April 2011.

Le Millénaire shopping center:

The shopping center houses 140 stores and restaurants over an area of 56,000 m² (100% base).

This operation represents a total investment of around €400 million divided equally between the two partners, Icade and Klépierre. The sales rate of the area of the center upon opening (96%) demonstrates the confidence of the retailers in this innovative and ambitious project, the largest commercial development in France in 10 years,

Designed by Antoine Grumbach, the architecture of Millénaire, both a business district and residential area, expresses diversity and exploits a dual perception, internal and external, with its 10,000 m² of windows. Along the quays laid out on the walkway, docks and red bricks, terra-cotta façades, glass and steel profiles blend in an atypical architectural ensemble visible from the ring road.

A precursor and emblematic of the goals of town and country planning and urban redefinition of Greater Paris, Le Millénaire, which also includes 17,000 m² of offices (100% base), is part of a large-scale operation over a 5-hectare surface area.

Located within close proximity to Paris, within an area of extremely dense attractiveness, Le Millénaire is the shopping center that is missing from this customer catchment zone of nearly 1 million people.

The only shopping center to be certified HQE® Commerce and BREEAM Very Good, Le Millénaire has all the qualities of a highly responsible shopping center (optimization of resources, choice of materials, etc.).

- Public and Healthcare Amenities: this mainly involves construction or extensions of clinics, amounting to €59.8 million. These works are part of the rental conditions, fixed by contract during acquisition and will involve extra rent at delivery.

Renovations/Major Maintenance & Repairs: mainly representing the renovation expenses of the business park and support measures (lessee works).

1.5 Arbitrage Business

Icade is carrying out an active arbitrage policy on its assets, based on three main principles:

- Optimization, rotation: sales of mature assets where the main work of asset management has been done and where the probability of capital gain from sale is significant;
- Streamlining of the portfolio: sale of assets of modest size or held under joint ownership;
- Transition to the commercial sector, disposal of non-strategic assets: sale of assets, which do not belong in the core of the Commercial Property Investments Division.

As of 31st December 2011, the amount of disposals made represented €217.6 million.

Assets	Total	optimisation	Portfolio rationalization	Transition to the commercial sector
Offices France	136.4	106.0	30.4	
Business parks	1.2		1.2	
Shops and Shopping Centers	0.9			0.9
Public and Healthcare Amenities:	6.7		6.7	
Warehouses	0.0			
Offices Germany:	72.5			72.5
BUSINESS PARKS	**217.6**	**106.0**	**38.2**	**73.4**

These mainly concern:

- the sale of the office building located in Munich for an amount of €72.5 million. This premium asset of 19,300 m², rented for 10 years fixed to the company Ernst & Young, is certified DGNB Gold (equivalent to HQE). Sold off-plan to the German Deka Immobilien Investment fund, the building was delivered at the end of 2010.
- The sale of the Atrium office building located in Paris (12) for a contractual amount of €106.0 million. The reiteration of the authentic deed was recorded in July 2011.
- The sale in December 2011 of a portfolio of shops mainly rented to the retailers Maison du Monde and Kiloutou for an amount of €19.2 million.
- The sale in the second half of 2011 of four office buildings of modest size for an amount of €17.4 million.

1.6 <u>Housing investment division</u>

(€ millions)	12/31/2011	12/31/2010	Variation %
Turnover	**25.9**	**91.2**	(71.6)
EBITDA	**3.0**	**9.9**	(69.6)
EBITDA/Revenue	*11.6%*	*10.8%*	
Operating profit/loss	**36.9**	**1,169.2**	(96.8)

Main indicators

	12/31/2011	12/31/2010
Block sales		
. In number of lots	264	23,133
. Sale price (in millions of euros) (*)	45	1,548
Individual sales		
. In number of lots	133	225
. Sale price (in millions of euros)	16	27

(*) residential properties and ground floor shops included

In 2010, 23,133 residential properties were sold to a consortium comprising 26 social-housing investors.

In 2011, Icade continued the sale process of residential properties through block sales of 264 residential properties located in Sarcelles for €12 million. Moreover, the ground-level shops of buildings, located mainly in Epinay sur Seine, Bagneux, Sarcelles and Créteil, were sold for €32.8 million.

In mid-December 2011, a sales promise was signed with Maison du CIL (formerly Unilogi) for a set of 495 residential properties located in Epinay sur Seine. The sale should become effective during 2012.

2. Property Development

2.1 Key data

The year 2011 was characterized by a difficult economy, compounded by a political crisis associated with uncertainties over the future of the euro zone and the debt management of the countries in trouble. However, interest rates have remained low even with fears of a cutback in lending and an increase in the expected moderate rate in 2012.

On the residential property market,
the tax environment has changed significantly with the announcement that the Scellier law will expire on 31st December 2012, the reform of the tax program on real estate gains and the increase in VAT in the social housing sector from 5.5% to 7%. The market is entering an area of uncertainty with the disappearance of a significant portion of its support factors.

The year 2011 was a year of sustained production for the **Housing Development division** following the record level of sales in 2010 (6,788 lots sold in 2010). In 2011, this significant level of activity generated a growth in turnover of 12.4% compared with 2010 and an improvement in the rate of the Operating Profit/Turnover ratio, which rose from 4.6% in 2010 to 7.7% in 2011.
In line with the market, sales activity slowed in 2011. Compared with 2010, the number of reservations and sales closed dropped from 11.4% and 30.8%, respectively. Yet the sales level in 2011 remained satisfactory and has the effect of increasing the backlog in values by 8.9% compared with 2010. As of 31st December 2011, the Residential Property segment backlog totaled €883.7 million and continues to represent more than one year of turnover.

On the commercial property market,
The investment level was €15.1 billion, i.e. an increase of 29% over one year.
The share of the offices (nearly €12 billion) represented 79% of the investments far ahead of the shops (€2.3 billion).

In 2011, large-scale projects were marketed by the **Commercial Property** division, including off-plan sales projects covering 19,000 m² of offices in the Banque Populaire Rives de Paris (the Pushed-Slab building in Paris 13) and off-plan sales projects covering 25,000 m² of offices in two subsidiaries of the Crédit Mutuel Arkéa Group (the Opale and Ambre buildings in Lyon Gerland (69)). The delivery of these transactions will be spread out between 2013 and 2014.
The 2011 financial results came mainly from the Public and Healthcare Amenities business (turnover of which represents 57.7% of the turnover from the Commercial Property division in 2011), the construction of the LCL offices in Villejuif (94) and the sale to Altarea of the SCI bringing the Costières Sud shopping center project to Nîmes (30) (28,500 m²).

(€ millions)	12/31/2011	12/31/2010	Variation
TURNOVER (*)	**1,106.2**	**1,030.8**	**7.3%**
Residential Property Development	740.5	658.9	12.4%
Commercial property development	373.3	380.4	(1.9)%
Intra-business development	(7.6)	(8.5)	(10.5)%
EBITDA	**82.0**	**60.9**	**34.6%**
Residential Property Development	56.7	23.0	146.9%
Commercial property development	25.3	37.9	(33.4)
Intra-business development	0.0	0.0	0.0%
OPERATING PROFIT/LOSS	**77.1**	**67.1**	**14.9%**
Residential Property Development	57.4	30.5	88.1%
Commercial property development	19.7	36.6	(46.1)%
Intra-business development	0.0	0.0	0.0%

(*) Turnover by progress, after inclusion of the commercial progress and work progress of each operation.

Turnover

2011 Turnover distribution

Turnover	Change in %
Housing	66.5
Public and Healthcare Amenities	19.3
Commercial	6.6
Retail	1.6
Project Management Services	4.1
Engineering	2.6
Greater Paris - Northeast Paris	0
Total	**100**

Up €81.6 million compared with 2010, the Residential Property business explains the main increase in the turnover of the Property Development Division (up 7.3% compared with 2010).

The turnover of the Public and Healthcare Amenities development totaled €215.4 million, declining by 6.8% compared with 2010. The main large-scale operations, which contributed to 2011 turnover are: the Cité Sanitaire de Saint Nazaire (2011 turnover: €101.7 million, delivery expected in March 2012), records from the MuCEM (*Musée des Civilisations de l'Europe et de la Méditerranée)* (13,000 m² net floor area, delivery expected June 2012), the Zoo de Vincennes (delivery expected December 2013) and the Lyon-Sucrière operation (delivered in 2011); individually, these three projects generated turnover of around €10 million in 2011.

At €73.8 million, the turnover of the Commercial Property business is stable. The main operations contributing to turnover were the continuation of the construction of the LCL buildings in Villejuif (blocks 1 and 6 - latest delivery expected in 2012), Lyon Vaise (a zero-energy commercial property building of 6,618 m² delivered 2012) and the Prélude building in Bordeaux (33) (an off-plan UFG-LFP sales project, 9,347 m², HQE certification and BBC label, delivery expected in the first quarter of 2013).

In 2011, the Contracting Authority Assistance business continued the development of large projects (the EQHO Tower, the Le Millénaire shopping center in Aubervilliers, the Ministry of Defense consolidation project, the Nice strategic plan, the Médipôle in Nouméa, the hospital in Calais, etc.). Its turnover amounted to €45.7 million in 2011.

The Engineering business, a large part of which is dedicated to Healthcare, remained stable with turnover of €28.8 million in 2011.

The Greater Paris - Northeast Paris projects consist of the conversion of old warehouses on the Boulevard MacDonald in Paris 19. On this site, an ambitious project will be developed: construction of over 165,000 m², with program diversity offering 913 residences, offices, business premises and shops.
In 2011, the housing program sales were launched:

- out of 278 non-subsidized residences, 79 have been reserved,
- out of 635 subsidized residential lots, student housing, or hostels, 100% were purchased by the social-housing investors EFIDIS, RIVP (*Régie Immobilière de la Ville de Paris*) Société Immobilière 3F, and Paris Habitat OPH.

At the same time, RIVP signed an off-plan sales project promise for an office building (15,000 m², with a BBC label HQE target certification, delivery expected in 2013).

The **operating profit/loss** increased by 14.9% compared with 2010 and represents 7% of turnover as of 31st December 2011. This improvement was mainly carried by the Residential Property business and by noting capital gains from the transfer of the shares in SCI bringing the Costières Sud project to Nîmes. It was hampered by the net allocation to provisions of €12 million (in order to reflect the risks associated with the Greater Paris - Northeast Paris operations). In 2011, movements on the provisions on properties consisted of a net allocation of €7 000 [*sic*] compared with a net reversal of €14.8 million in 2010.

Development backlog and Service order book

Backlog represents the revenue signed (before tax) not yet recognized on development operations based on progress and signed reservations (before tax).

The order book represents the service contracts (before tax) signed and not yet completed.

Development backlog as at 31 Dec 2011 (€ millions)	Total	Ile de France	Regions
Housing development (inc. subdivision)	883.7	376.9	506.8
Commercial property development	485.5	415.5	70.0
Retail property development	-	-	-
Public and healthcare amenities	323.0	218.5	104.5
Engineering order book	38.8	28.4	10.3
Project management services order book	77.2	42.9	34.4
TOTAL	**1,808.2**	**1,082.2**	**726.0**
	100.0%	**59.9%**	**40.1%**

The total backlog for the Development division amounted to €1,808.2 million (compared with €1,438.0 million in 2010), an increase of 25.7 %.

This growth was primarily driven by the following factors:

- the 9% increase in the Residential Property Development backlog, which rose from €811.1 million to €883.7 million because of the growth in the business. This backlog is heavily secured because signed sales agreements represent 62% of the total (compared with 71% as of 31st December 2010);

- from the doubling of the Commercial Property Development backlog, which increased from €225.5 million up to €485.5 million, mainly because of the signing of off-plan sales projects on the business buildings and offices of the Pushed-Slab building - ZAC de Rungis (75) and partly from the Pyrénées (75) operation, as well as the Landy operation in Saint Denis (93) (CPI, in partnership with Altarea Cogedim, signed with Silic, 22,000 m² of offices, HQE target certification, work beginning in 2012).

- from the increase in the Public & Healthcare Amenities backlog, which increased by around 24% from €261.3 million to €323 million through the Greater Paris – Northeast Paris operations.

The share of Residential Property Development segment backlog declined slightly to 49% of the total backlog (compared with 56% at the end of 2010) to the benefit of the Commercial Property Division, the backlog of which contributed 27% of the total (16% at the end of 2010). The share of Public and Healthcare Amenities stayed at 18%.

2.2 Residential Property Development

(€ millions)	12/31/2011	12/31/2010	Variation
Turnover (*)	**740.5**	**658.9**	**12.4%**
EBITDA	**56.7**	**23.0**	**146.9%**
Margin (EBITDA/Revenue)	*7.7%*	*3.5%*	
Operating profit/loss	**57.4**	**30.5**	**88.1%**

(*) Turnover by progress, after inclusion of the commercial progress and work progress of each operation.

2011 was a year high in production with 8,048 residential properties delivered the service orders of which were initiated in 2011 (8,696 in 2010).

Sales have slowed. The number of reservations and closed sales has dropped in comparison with 2010, by 11.4% and 30.8%, respectively. These drops are reflected more in the regions (reservations: down 15.2% compared with 2010) than in Ile de France (reservations: 3.4% drop).

MARKETING OF NEW HOUSING UNITS AND LOTS FOR CONSTRUCTION IN 2011:

	Ile de France	Regions	TOTAL
Number of lots	2,022	3,939	5,961
Revenue (potential in € millions)	463.2	746.1	1,209.3

In 2010, 4,591 lots were marketed for potential turnover of €857.5 million.

As of 31st December 2011, the level of unsold, completed stock was greatly decreased and remains low: 118 housing units representing revenue of €16.3 million (as of 31st December 2010: 218 residential properties representing revenue of €33.4 million).

LAUNCH OF OPERATIONS FOR NEW HOUSING UNITS & BUILDING LOTS IN 2011:

	Ile de France	Regions	TOTAL
Number of lots	1,511	2,919	4,430
Revenue (potential in € millions)	375.1	507.5	882.6

RESERVATIONS OF NEW HOUSING AND BUILDING LOTS

	12/31/2011	12/31/2010	Variation
Number of housing reservations	4,663	5,173	(9.9)%
Housing reservations in millions of euros (including tax)	936.0	989.6	(5.4)%
Housing withdrawal rate	15%	19%	
Number of building plot reservations	246	368	(33.1)%
Reservations of building lots in € millions (including tax)	23.1	25.9	(10.8)%

In 2011, the housing unit withdrawal rate was 15%, an improvement in comparison with 2010 (19%).

BREAKDOWN BY TYPE OF HOUSING CUSTOMER

Breakdown of reservations by type of client	%
First-time buyers	29.5%
Private investors (physical persons or equivalent)	38.3%
Institutional investors	2.8%
Social housing investors	29.4%
Total	**100.0%**

Reservations for first-time buyers were down significantly, representing 1,450 housing units or 29.5% of the business (compared with 46.5% in the previous year).

Private investors represented 38.3% of reservations. Institutional and social-housing investors reserved 32.2% of housing units (compared with 36.2% and 17.3% respectively in 2010).

Average sale price and average area based on reservations:

	12/31/2011	12/31/2010	Variation
Average price including tax per habitable m² (€/m²)	3,261	3,426	(4.8)%
Average budget including tax per home (€K)	200.7	191.4	4.9%
Average surface area per home (m²)	61.6	55.9	10.2%

The average budget for reserved housing units over the year was €K200.7.

The average price per m², including tax, was down in comparison with 2010 (-4.8%) under the impact of a significant share of operations covering housing units of average area and a larger number of programs sold to social operators at reduced VAT.

LAND RESERVES PORTFOLIO

The land reserves portfolio for housing and building lots totaled 8,135 lots (9,036 lots at the end of 2010), representing potential revenue estimated at €1.6 billion (compared with €1.7 billion at year-end 2010).

Production in development represented about 2 years of activity, the result of a prudent policy of land acquisition.

2.3 Commercial property development

(€ millions)	12/31/2011	12/31/2010	Variation
Turnover	**373.3**	**380.4**	**(1.9)%**
EBITDA	**25.3**	**37.9**	**(33.4)%**
Margin (EBITDA/Turnover)	*6.8%*	*10.0%*	
Operating profit/loss	**19.7**	**36.6**	**(46.1)%**

Turnover (potential in millions of euros)	12/31/2011	12/31/2010	Variation
Commercial property development	**373.3**	**380.4**	**(1.9)%**
. Public and healthcare amenities	215.4	231.2	(6.8)%
. Commercial	73.8	74.8	(1.3)%
. Shops	0	1.7	NS
. Contracting authority assistance	45.7	44.2	3.4%
. Engineering	28.8	27.4	5.1%
. Others	9.6	1.2	NS

Public and healthcare amenities

In the PPP area (public-private partnerships), Icade launched work on the new Zoo de Vincennes which will be delivered in 2013 and completed work on the large construction site of the Cité Sanitaire de Saint Nazaire, which will be delivered at the beginning of 2012.

For the grouping project of the Ministry of Defense in Balard, won by the grouping for which Bouyges is the agent, Icade signed a co-development contract for private offices and a Contracting Authority Assistance contract for the public portion.

Several other PPPs were awarded in the French overseas departments and territories.

In 2011, the first PPP university campus operations were launched in Grenoble, Toulouse and Dijon for which Icade applied alongside the Caisse des Dépôts.

In the Healthcare area, operations of the large hospitals continued within the expected deadlines (Saint Denis, Orléans, Dunkerque, Nantes, etc.). Despite the slowdown, hospital funding of numerous new significant mandates was obtained: Aix en Provence, Marseille, Fort de France, Nouméa, Saint Pierre (La Réunion). At the same time, the new Monaco Hospital project has been relaunched.

In 2011, Icade confirmed its strong growth in the medical-social sector and the residential assistance for seniors with the signing of €80 million in EHPAD (residential home for the elderly) development contracts. Tours, Dijon-Valmy, Limoges and Paris 6 are the largest operations. Partnerships with the main investors (including the Caisse des Dépôts) and EHPAD operators have been developed.

Growth studies carried out with Poste Immo within the framework of ARKADEA led to the launching of a housing unit operation, as a joint venture with Poste-Immo in downtown La Rochelle (17). Other operations will be launched in 2012.

As of 31st December 2011, **the portfolio of Icade projects** in the Public and Healthcare Amenities Development area covered 210,989 m² (238,923 m² as of 31st December 2010) of projects under development, including 121,577 m² (115,000 m² as of 31st December 2010) for the PPP, and 146,039 m² (217,304 m² as of 31st December 2010) of projects being developed, including 10,713 m² of PPP.

As of December 31, 2011, the principal operations in progress were as follows:

Operations in progress	Total rounded floor area (in m2 Net Floor Area)	Type of development	Operation type	Location	Expected completion date
Hospital at Saint Nazaire (PPP)	92,000	Hospital	CPI	Saint Nazaire (44)	2012
VINCENNES Zoo (PPP)	10,000	Zoo	CPI	Paris 12 (75)	2013
Sablé Sur Sarthe	16,000	Centre de Soins	CPI	Sablé Sur Sarthe (72)	2012
Centre MUCEUM Marseille (PPP)	13,000	Records	CPI	Marseille (13)	2012
DIJON Mutualité Gérontopôle	13,000	Medical-Social Establishment	VEFA	DIJON (21)	2013
BOURGOIN Médipôle Synergie	11,355	Médipole	VEFA	Bourgoin (69)	2013
Montpellier Pôle de services Grisettes	7,405	Medical-Social Equipment	CPI	Montpellier (34)	2013

Principal operations delivered in 2011:

- Chalon sur Saône Saint Cosme (71): Off-plan Sales Offices, shops and 12,225 m² of parking,
- Saint Nazaire Pen Bron (44): 4,475 m² medical care establishment under property development contract,
- Saint Philibert de Grand lieu (44): 3,600 m² Police Station under property development contract,
- Toulouse Cancéropole (31): 5 278 m² hotel-residence under property development contract,
- Limoges (87): EHPAD Les 5 Sens, 5,095 m² under property development contract,
- Lyon La Sucrière 2 (69): medical-social equipment, 11 522 m² under property development contract,
- Chevilly la Rue (94): 5,985 m² of housing, offices and shops,
- St Aignan Daher 1 (44): 2nd portion - an 8,839 m² industrial building.

In 2011, €140.3 million (Icade's share) of off-plan sales or property development contracts were signed:

Principal contracts signed in 2011:

- Off-plan health and medical establishment Mutualité de Dijon (21) for €25.4 million,
- Médipôle Synergie de Bourgoin (69) off-plan project for €21.5 million,
- EDF Cayenne Offices property development project for €12.9 million,
- Property development contract for the Montpellier (34) medical-social services area for €11.3 million,
- Property development contract for Saint Denis de la Réunion (97) for €10.6 million,
- Property development contract EHPAD Viviani for Orpéa in Nantes (44) for €8.9 million,
- Property development contract for the obesity center in Saint Yrieix for €7.5 million,

Commercial Property and Shops

In 2011 the Commercial Property and Shops business produced revenue of €73.8 million. The principal operations in 2011 were the continuation of the construction of the LCL buildings in Villejuif (94), and the sale to Altarea of the shares of the SCI, which holds the Costières Sud operation in Nîmes (30).

As of 31st December 2011, Icade Promotion had a **portfolio of projects** in Commercial Property and Shops Development of approximately 667,104 m² (603,063 m² as of 31st December 2010), which breaks down as follows:

- projects under construction for 221,331 m² (93,668 m² as of 31st December 2010), representing future revenue of €485.5 million (€225.5 million as of 31st December 2010), including 9% for Property Investment (25% as of 31st December 2010);

- projects at the initial development stage covering 445,773 m² (509,395 m² as of 31st December 2010), representing revenue of €1,007.9 million (€1,443.1 million as of 31st December 2010). The latter represent projects not yet initiated or delivered for which either a promise of the sale of land for the proposed building (in the case of an off-plan project), or a preliminary contract with the investing customer or user (in the case of a Property Development 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 currently under development are summarized in the table below:

	Total rounded floor area (in m² Net Usable Floor Area)	Type of structure (offices, shops, etc.)	Type of operation	Buyer	Expected completion date
Saint Denis Landy (50%)	22,001	Offices	CPI	SILIC	**2014**
Villejuif 1 "Rhin"	10,839	Offices	CPI	Icade	**2012**
Joinville "Canadiens"	18,950	Offices	VEFA	Wereldhave	**2013**
Toulon	6,700	Offices	VEFA	SCP AGPM	**2013**
Bordeaux "Prélude"	9,347	Offices	VEFA	UFG	**2013**
Lyon Nexans “Ambre’’(50%)	12,320	Offices	VEFA	CM ARKEA	**2013**
Lyon Nexans “Opale’’ (50%)	12,837	Offices	VEFA	ARKEA	**2013**
Guyancourt (50%) *	30,101	Offices	VEFA	*	**2013**
Paris Northeast Activities	15,094	Business premises	VEFA	RIVP	**2013**
Northeast Paris Offices (50%)	27,624	Offices	VEFA	BNP PARIBAS	**2013**
Lyon VAISE	6,618	Offices	CPI	SPI WEST	**2012**
ZAC RUNGIS PARIS 13th arrond.	18,900	Offices	VEFA	BPRP	2014
Pyrénées PARIS 20th arrond.	1,814	Offices	CPI/VEFA	NATIOCREDITBAIL/RATP	2014
Pyrénées PARIS 20th arrond. **	28,186	Offices	CPI/VEFA	**	2014
Total	**221,331**				

Operation under speculative development, already fully leased to Egis*　　* Operation under speculative development*

As of 31st December 2011, 73.7% of surfaces under construction had been sold.

The constituent operations under speculative development of an irreversible commitment represent about €241.6 million. The increase in commitments of €54.2 million in comparison with 2010 are primarily due to the Guyancourt operation where works were launched in March 2011. This building is already fully rented to EGIS.

As of 31st December 2011, the main projects being prepared, with controlled development of land and a building permit applied for, or obtained, are summarized in the following table:

Total rounded floor area (in m² Net Usable Floor Area)	Type of structure (offices, shops, etc.)	Expected completion date
4,468	Offices	**2013**
33,090	Offices	**2013**
11,995	Offices	**2014**
23,830	Offices	**2014**
73,383	**Total**	

As of 31st December 2011, the projects being prepared, with controlled development of land but with no building permit, are summarized in the following table:

Total rounded floor area (in m² Net Usable Floor Area)	Type of structure (offices, shops, etc.)	Expected completion date
8,500	Offices	**2013**
5,540	Offices+ Hotel	**2013**
31,673	Shopping Center	**2013**
996	Offices	**2013**
4,503	Offices	**2014**
58,982	Shopping Center	**2014**
31,000	Offices-Housing Units	**2014**
14,803	Offices	**2015**
16,484	Offices+ craft village	**2015**
172,481	**Total**	

Contracting authority assistance

Project Management Assistance includes contracts to provide contracting authority assistance and studies performed for customers in the Public and HealthCare, Commercial and Retail Property sectors.

In 2011, the principal contracts represented 26.7% of the turnover of the business. They concern the Icade Property Development projects (the EQHO tower - La Défense, Paris, the Le Millénaire shopping center in Aubervilliers (93) and the Beauvaisis located in the Parc du Pont-de-Flandre (Paris 19), the hospitals in Nouméa and in Calais, the Nice strategic plan, the consolidation project of the Ministry of Defense in Balard and the Northeast Paris offices project.

The order book totals €76.9 million, representing 20 months of revenue (based on the last 12 months).

Engineering

The year 2011 has seen the collaboration of the expertise of Icade Arcoba and Icade Gestec, a company specializing in the operation of buildings (formerly related to the Services division). These two companies now have full jurisdiction, from the design of the projects to operation. The buildings' energy conversion market can thus be tackled in its entirety.

For Icade Setrhi-Setae, the year 2011 allowed it to increase the order book significantly with several successes on large-scale operations such as the establishments of Nouméa, Villeneuve sur Lot and Rheims, totaling over 1,174 beds and places to be built over the next three years. The company was also granted the ISO 9001 and 14001 QUALITY certifications (sustainable development).

This expertise and the contracts awarded increased revenue by 5.1% in 2011, bringing into the order book the equivalent of 16 months' business.

Intra-group operations with Property Development Investment

For Office Development:

Continuation of programs for the head offices of LCL in Villejuif (94).
Targeted revenue as of 31st December 2011 amounted to €4.4 million.

For Contracting Authority Assistance:

Le Millénaire shopping center in Aubervilliers (93),
The major renovation of the EQHQ Tower at La Défense (92),
The major renovation of the Beauvaisis building in the Parc du Pont-de-Flandres in Paris (75),
The agreement for the Veolia project.
Targeted revenue as of 31st December 2011 amounted to €7.4 million.

2.4 Working Capital Requirements

The **working capital requirements** of the Property Development division represent 20% of revenue as of 31st December 2011 compared with 21% in 2010. In value, it has increased by €21.6 million.

This increase is primarily due to the Commercial Property business following the acquisitions of land needed for the creation of the operations marketed in 2011. These acquisitions were largely financed by the down payments received from customers.

At the same time, the working capital requirements of the Residential Property division continue to decline in line with the progress of works and sales. As of December 31st, 2011, it represented 14% of revenue (17% as of the same date in 2010).

Despite a slowdown in 2011, the market remained dynamic in the residential sector. It softened in the Public and Healthcare Amenities sector because of the funding difficulties of communities and governments, yet remained relatively active in Commercial Property with the return of investors. Against this backdrop, the Property Development division produced increased revenue and profitability over 2010.

The EBITDA reached 7.4% of turnover and largely surpassed the forecast for the year set at 4.4% Operating profit amounted to 7.0% of turnover, or€77.1 million, an increase of 14.9% in comparison with 2010.

The goal for 2012 will be to maintain profitability and to have turnover comparable to that of 2011, while being selective in taking orders and in launching operations after successful marketing.

3. Services

The Services division mainly covers property management, the serviced accommodation operation and consulting and surveying.

In accordance with the strategy implemented by the Icade management, businesses in 2011 were developed in profitable segments, while keeping expenses at their 2010 level. Special efforts have been made to reduce organizational expenses and retain staff. They are directly reflected in the results, with a significant increase in the EBITDA of the France division.

At the same time, in late 2011, reorientation of the businesses continued with the sale of the Spanish subsidiary, specializing in managing student housing. Discussions were carried out with a view to selling Icade Résidences Services (Icade Serviced Accommodation), which should take place during the first quarter of 2012.

(€ millions)	12/31/2011	12/31/2010	Variation
REVENUE	**110.1**	**107.4**	**2.5%**
Services in France	**102.1**	**96.2**	**6.1%**
Property management	34.3	31.2	9.7%
Serviced Accommodation	42.7	37.8	13.0%
Consulting and surveying activities	25.6	27.7	**(7.8)%**
Intra-business services	(0.4)	(0.5)	**(15.4)%**
International Services	**8.0**	**11.1**	**(28.1)%**
EBITDA	**10.2**	**8.3**	**22.7%**
Services in France	**9.9**	**6.4**	**54.7%**
Property management	3.7	2.5	45.1%
Serviced Accommodation	3.3	1.5	**122.6%**
Consulting and surveying activities	2.9	2.4	**22.0%**
Intra-business services	-	-	-
International Services	**0.3**	**1.9**	**(83.7)%**
OPERATING PROFIT?LOSS	**9.2**	**6.9**	**33.5%**
Services in France	**8.5**	**5.1**	**65.8%**
Property management	3.5	2.1	61.6%
Serviced Accommodation	2.7	1.2	**137.1%**
Consulting and surveying activities	2.4	1.9	**26.4%**
Intra-business services	-	-	-
International Services	**0.7**	**1.8**	**(60.2)%**

In France,

The turnover of the businesses reached €102.1 million as of 31st December 2011, increasing by 6.1% in comparison with 2010. This growth is due to the property management business and serviced accommodation; the consulting and surveying businesses succeeded in maintaining their turnover in an extremely competitive environment.

- The turnover of the property management business is up significantly (€3.1 million, i.e. 9.7%), through new mandates won in late 2010, which produced their full effect in 2011 as well as better portfolio defense throughout the year.

  The principal mandates contributing to the improvement of turnover in 2011:

  The property owner association mandate for the First tower and Les Miroirs et Cristal Tower signed in late 2010;

  The MMA management mandate with close to 1,000 lots and 100,000 m² of commercial property premises;

  The technical management mandate of 140 sites of Poste Immo on national territory;

  The assets of Property Investment: assets of the former Compagnie la Lucette (220,000 m²) and 18 clinic buildings.

  Assets managed in France as of 31st December 2011:

  2,400,000 m² managed

  1,400,000 m² property-owners' association

  725,000 m² project management

  15,300 housing units managed on behalf of institutions;

  45 clinics.

- The serviced accommodation business increased its revenue by €4.9 million, i.e. 13.0% in comparison with 2010. This growth is mainly from:
  - the residences of Pré Saint Gervais and Chelles delivered in the third quarter of 2010 with full effect in 2011.
  - five residences delivered in the third quarter of 2011 in Vanves (Bleuzen and Monet) Marseille Timone and Villeurbanne (Sections 1 and 2). The incidental proceeds from this deliveries represent a significant turnover (sale of furniture and development fees),

  It was decreased by the cessations of management of the residences of Noisy le Grand and of Talence (205 lots), which took place in late 2010 and at the beginning of 2011.

  Assets managed in France as of 31st December 2011:

  Icade operates 60 serviced accommodation units in France, representing around 8,000 lots spread over the entire national territory.

  Icade is the third largest private operator of student housing.

  As of 31st December 2011, 66% of the lots were operated under commercial lease agreements and 34% were under a management mandate.

- The turnover of the surveying and consulting businesses is relatively stable (down 2% in comparison with 2010). Icade has maintained its competitiveness through:

    - Enhanced visibility in the markets: in 2011, Icade set up a European network through partnerships with three offices (FBS Real Estate in Italy, Immofori in Germany and J Peiser Wainwright in the United Kingdom.

    - Mandates won from major institutions: for SOVAFIM real estate valuation services, for GDF Suez the resumption and updating of the property master plan of Alsace-Lorraine and the Nantes region and for RFF ("*Réseau Ferré de France*", the French Rail Network), assistance in financial and contractual negotiations with SNFC Gares et Connexions.

    - A broadening of its offers through the creation in November, 2011 of the company Icade Asset Management, which will be dedicated to the activity of asset management on behalf of third parties.

Intra-Group Operations with other Icade Businesses

In 2011, the turnover of the intra-group businesses of the Services Division increased by €12.8 million, i.e. 16% with respect to 2010, the increase being recognized mainly in Icade Conseil, Icade Property Management and Icade Suretis.

As a result, the Services Division not only plays a part in the management of the clinics and residual housing units, but also in the sale of these housing units and assets arbitrated by Icade.

In technical consulting matters, the Services Division provides support to Icade to ensure the security of all its own and Iporta's business parks and continues to support property investment in some projects.

The **EBITDA** of the businesses in France is 1.55 times greater in comparison with 2010 and amounted to €9.9 million as of 31st December 2011. The ratio of EBITDA/Turnover is getting close to 10% for the first time. As of 31st December 2011, it was 9.7% compared with 6.7% in 2010.

The improvement in profitability is due mainly to the property management and the serviced accommodation businesses. The growth of the business of the Services division (6.1% of turnover) was produced by maintaining costs and improving production. The FTEs (full-time equivalent workforce) decreased by 2% between 2010 and 2011 (540 FTEs in 2010 compared with 533 FTEs in 2010).

The **Operating Profit** of the businesses in France was 8.4% of turnover as of 31st December 2011. It was 1.65 times greater in comparison with 2010 and amounted to €8.5 million as of 31st December 2011.

Abroad

Pursuing the reorientation of the Services businesses, the Spanish subsidiary dedicated to the management of student housing was sold in late 2011. Its turnover in 2011 amounted to €7.4 million.

4. Other

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

The **turnover** for "Other" reached -€88.4 million as of 31st December 2011, compared with -€100.5 million in 2010. It corresponds in essence to the elimination of revenue related to intra-group operations. Property investment purchases:

- Commercial property: property development contracts and assistance with the contracting authority in the Commercial Property Development Division: Offices in Villejuif, Le Millénaire Shopping Center in Aubervilliers (93), EQHO tower in La Défense (92), the Beauvaisis building in Paris (75). Impact on turnover was -€66.0 million in 2011;

The **Operating Profit** for "Other" reached -€23.9 million as of 31st December 2011, compared with -€11.4 million in 2010. In 2011, this consisted of margin eliminations on Icade's intra-group operations of -€16.7 million and the negative contribution of Icade's "head office" charges of -€7.1 million.

The negative contribution of Icade's "head office" totaled -€9.7 million in 2010. It included net capital gains on sales of €2.6 million and net operating expenses of €12.3 million. In 2011, net operating expenses totaled €7.4 million and dropped by €5.2 million in comparison with 2010, thus reflecting Icade's willingness to control its organizational expenses.

5. Profit/Loss 2011

5.1 Financial profit/loss

Icade's financial results as of 31st December 2011 totaled -€97.2 million compared with -€99.3 million as of 31st December 2010. This improvement is explained by Icade's optimization policy on financial resources consisting of:

- Controlling jobs/resources thus making the decrease in average outstanding gross debt of €307.5 million possible between 2010 and 2011 (Average debt in 2010: €3,033.6 million. Average debt in 2011: €2,726.1 million),

- Prudent management of the interest rate risk, stabilizing the average cost of debt: 4.08% after hedging in 2011 compared with 3.93% in 2010,

- Diversification of financing resources confirming Icade's ability to have access to cash in proper financing conditions.

5.2 Tax expense

The tax expense for 2011 was €44.1 million compared with €33.6 million as of 31st December 2010.

This increase is due primarily to the development activity of Residential Property, the operating profit of which increased by 88.2% in comparison with 2010.

Icade was audited in 2010.

At that time, the tax administration had questioned in its adjustment proposal (December 8, 2010) the monetary values as at December 31, 2006 that emerged from the real estate appraisals that were used as a basis for calculating the exit tax (16.50% corporate tax) during the merger-absorption of Icade Patrimoine by Icade, on January 1, 2007. The result was an increase in the exit tax bases, generating an additional tax of 204 million euros in principal. Upon review of the company's observations (February 11, 2011), the tax administration decreased (September 26, 2011) the amount of this additional tax, bringing it down to a principal of 180 million euros. The company continues to dispute the entirety of this proposed adjustment, in accordance with its two consulting firms.

Currently, the disagreement between the tax administration and Icade, regarding the amount of these assets as at December 31, 2006, is subject to the opinion of the *Commission Nationale des Impôts Directs et Taxes sur le Chiffre d'Affaires* [National Commission on Direct and Sales Taxes]. Consequently, just as for December 31, 2010, no provision had been established for this purpose as of December 31, 2011.

5.3 Net profit Group share

After taking into account of the above factors, the **Net Profit Group Share** reached €93.0 million as of 31st December 2011, compared with €1,218.0 million as of 31st December 2010.

6. Obligations of the SIIC Regime and Distribution

The ratio of activities not eligible for the SIIC regime in the parent company's balance sheet totaled 7.48% as of 31st December 2011.

Icade's 2011 net book profit was €92.2 million, corresponding to a fiscal profit of €24.9 million.

This tax base breaks down over the various sectors as follows:

- €49.5 million in current profits from SIIC-exempt activities and subject to an 85% distribution obligation;
- €13.5 million in profit from disposals, subject to a 50% distribution obligation over the next two years;
- The dividends of the SIIC subsidiaries were -€21.7 million;
- Taxable profit which stands at -€16.4 million.

The distribution obligation amounted to -€48.8 million in 2011 including:

- €42.1 million relating to the rental business (85% obligation);
- €6.7 million relating to disposals (obligation for 50% over a maximum of two years), which Icade decided to pay in a single installment.

In accordance with the firm offer to Groupama by Icade and the Caisse des Dépôts on 22 December 2011, it will be proposed to the annual shareholders' meeting, which will take place after the settlement-delivery of the public offer on Silic and, in any circumstances, before 30th June 2012, the distribution of a dividend of €3.72 per share, including €0.37 exceptionally. This proposition is determined on the basis of an assumed Silic dividend of €4.65 per share, i.e. stable in relation to

2010.On the basis of existing shares as of 16th February 2012, i.e. 51,992,262 shares, the amount of distribution of dividends proposed to the shareholders' meeting will be €193.4 million. Icade will thus respect its distribution obligation.

III - NET ASSET VALUE AS OF 31ST DECEMBER 2011

As of 31st December 2011, the EPRA single net asset value totaled €4,508.3 million, or €87.5 per share, i.e. an increase of 3.1% in comparison with 31st December 2010 and the EPRA triple net asset value totaled €4,312.5 million, or €83.7 per share, i.e. an increase of 2.8% in comparison with 31st December 2010 and 6.8% after restatement of the dividend of €3.3 per share paid in April, 2011.

A - VALUATION OF PROPERTY ASSETS

1. Summary of appraised values of Icade's assets

Group assets stood at €6,727.3 million ex-rights value compared with €6,128.9 million at the end of 2010, i.e. a variation of +€598.4 million over 2011 (+9.8%). On a like-for-like basis, the annual variation in portfolio value was +€156.9 million, representing an increase of +2.7% compared with 31st December 2010, as detailed in the table below:

Value of ex-rights assets (in €million)[(1)]	12/31/2011	12/31/2010	Variation (in €million)	Variation (as a %)	Variation on a like-for-like basis (in € M)[(2)]	Variation on a like-for-like basis (in %)[(2)]
Commercial property investment division	6,415.5	5,768.3	+647.2	+11.2%	+146.5	+2.6%
Housing Investment Division	311.8	360.6	(48.8)	(13.5)%	+10.4	+3.5%
Value of the property assets	**6,727.3**	**6,128.9**	**+598.4**	**+9.8%**	**+156.9**	**+2.7%**

(1) Based on the scope of consolidation as of 31/12/2011 (100% of assets consolidated by the full consolidation method and up to the percentage interest for other consolidated assets).
(2) Net variation in disposals and investments during the period.

As of 31st December 2011, the Residential Property division represented less than 5% of the total value of Icade's assets (compared with 6% at the end of 2010).

Icade's property assets are appraised by independent property surveyors twice a year, on publication of the semi-annual and annual financial statements, according to arrangements compliant with the SIIC code of ethics published in July 2008 by the "Fédération des sociétés immobilières et foncières" [Federation of property and real-estate companies].

The property valuations were performed by Jones Lang LaSalle, DTX Eurexi, CB Richard Ellis Valuation and Catella.

At the beginning of 2011, Icade launched a consultation with the main property surveyors as part of the renewal of property valuations of its office assets in France, business parks, shops and shopping centers and warehouses. The surveyors were retained not only according to the criteria of independence, qualification, reputation, skill in property valuation, ability in organization and resourcefulness and proposed price level, but also with a desire to conduct a rotation of surveyors by portfolio. At the end of this process, a three-year contract was signed with the surveyors used. For the office portfolios in Germany, public and healthcare amenities and housing, a valuation contract renewable every year was established between Icade and the property surveyors, conducting an internal rotation of their teams at the end of seven years.
The property valuation fees are billed to Icade based on a flat remuneration, taking into account the specifics of the buildings (number of units, number of square meters, number of current leases etc.) and independent of the value of the assets.

The surveyors' assignments, for which the main methods of valuation and the conclusions are presented hereafter, are performed according to the standards of the profession, in particular:

- The *Property Valuation Charter*, third edition, published in June 2006;
- The "Barthès de Ruyter" report from the COB (AMF) dated 3rd February 2000 on the valuation of the property assets of companies making public offerings for investment.
- At the international level, the TEGOVA (*The European Group of Valuers' Association*) European valuation standards published in April 2009 in the Blue Book and the standards of the Red Book from the Royal Institution of Chartered Surveyors (RICS).

These various texts specify the qualification of the surveyors, the rules for good conduct and ethics and the basic definitions (values, surface areas, rates and the main methods of valuation).
On each valuation assignment and during the presentation of values, Icade ensures the consistency of the methods used for valuation of these assets within the panel of surveyors.

The values are established on the basis of "rights included" and "ex-rights", the "ex-rights" values being determined after deduction of fees and legal expenses calculated on an outright basis by the surveyors.
The Crystal Park office building and the EQHO and Scor towers are appraised twice, the valuation retained corresponds to the average of the two appraised values.

The sites are systematically visited by the surveyors for all new assets entering the portfolio. New site visits are then organized according to a long-term schedule or each time that a specific event in the life of the building requires it (occurrence of significant modifications in its structure or environment).
Following their work, the surveyors issue a surveyor's report, which is generally presented in the form of a summarized surveyor's report and/or a survey certificate. For assets that were not surveyed, the surveyors update their previous reports after reviewing changes that have occurred in their legal, urban or rental situations.

Following the procedures currently in practice within the Group, the total value of the Icade assets were valued as of Saturday, December 31, 2011, with the exception of:

- Properties currently the subject of an expert opinion, including those covered by a promise of sale at the time the accounts were closed and which are valued on the basis of the contract selling price; as of 31st December 2011, lots of the Montparnasse commercial gallery, the Goldsteinstrasse office building in Frankfurt and a building in Evereux;

- The buildings underlying a financial transaction (i.e. capital lease or rent with the option to buy where Icade acts as the lender in exceptional circumstances), which are maintained at their cost price or at the purchase option price cited in the contract; the office building in Levallois Perret leased to the Ministry of the Interior over a 20-year period with a purchase option (LDA) is the only building, which is in that category as of 31st December 2011.

- Public buildings and works held via a PPP (Public Private Partnership), which are not valued since the ownership ultimately returns to the State at the end of the concession. These assets are therefore held at the net book value and are not listed in the property assets currently published by Icade.

- The buildings acquired under off-plan sales and/or from the Group's property developers, which are also valued at their cost price until the date of delivery, like the Rhin de Villejuif office building; these assets are maintained at their cost price disbursed as of 31s December 2011;

- Buildings acquired less than three months before the semi-annual or annual closing date, which are maintained at book value. As of 31st December 2011, the Nancy, Toulouse, Bergerac, Valenciennes and Montauban clinics and the Mr. Bricolage store in Abbeville were recognized at their acquisition price.

2. The Commercial Property Investment Division

The total value of the Commercial Property division portfolio was €6,415.5 million ex-rights as of 31st December 2011, compared with €5,768.3 million at the end of 2010, i.e. an increase of €647.2 million (+11.2%).

Value of commercial property ex-rights (in €million)	12/31/2011	12/31/2010	Variation (in €million)	Variation (as a %)	Variation on a like-for-like basis (in €million)	Variation on a like-for-like basis (as a %)
Offices division	2,674.9	2,687.7	(12.8)	(0.5)%	+17.5	+0.7%
Business parks division	1,542.0	1,416.1	+125.9	+8.9%	+78.2	+5.5%
Shops and shopping centers division	437.1	370.3	+66.8	+18.0%	+32.2	+8.7%
Public and healthcare amenities	1,514.2	1,035.3	+478.9	+46.3%	+35.6	+3.5%
Warehouses Division	247.3	258.9	(11.6)	(4.5)%	(17.0)	(6.6)%
Total commercial property investment division	**6,415.5**	**5,768.3**	**+647.2**	**+11.2%**	**+146.5**	**+2.6%**

Neutralizing the impact of acquisitions and disposals carried out in 2011, the variation in the value of commercial assets amounts to +2.6% on a like-for-like basis. This increase in value is evidence of the very sound resilience of the assets of the Commercial Property Investment division to the market trends seen in the corporate property investment market in 2011.

72% of the value of this portfolio is located in Ile-de-France, primarily in the inner circle of Paris. The buildings located in Paris and La Défense alone represent 30% of the total. The assets located in Germany, which are included in the Office segment, represented 5 % of the portfolio.

Valuation of the commercial property assets by geographical sector	Value ex-rights (in €million)		Variation (in €million)	Variation on a like-for-like basis	Variation on a like-for-like basis
	12/31/2011	12/31/2010		(in €million)	(as a %)
Paris QCA	270	276	(6)	0	+0.2%
Paris (excluding QCA)	923	918	+5	+72	+8.8%
La Défense	698	611	+87	(17)	(2.7)%
Western Quadrant	1,021	1,024	(3)	(6)	(0.6)%
Inner Ring	1,382	1,194	+188	+82	+6.9%
Outer Ring	331	289	+42	+5	+1.8%
S/T Ile-de-France	**4,625**	**4,312**	**+313**	**+136**	**+3.3%**
Regional	1,486	1,076	+410	+18	+1.7%
Germany	304	380	(76)	(8)	(2.6)%
TOTAL	**6,415**	**5,768**	**+647**	**+146**	**+2.6%**

The amount of property reserves and projects under development amounted to €851.0 million as of 31st December 2011 and breaks down to €185.8 million in property reserves and €665.2 million in projects under development.
The values as of 31st December 2011 for each of the property portfolios making up the Commercial Property Division are stated below: Offices, Business Parks, Shops and Shopping Centers, Public and Healthcare Amenities and Warehouses.

2.1 The Commercial Property Investment Division - Offices

This business includes the buildings belonging to Office Investment Property France and the property assets belonging to Icade REIT in Germany. The total value of this portfolio was €2,674.9 million ex-rights as of 31st December 2011, compared with €2,687.7 million at the end of 2010, i.e. a decrease of €12.8 million.

Value of assets in €million	12/31/2011	12/31/2010	Variation (in €million)	Variation (as a %)	Variation on a like-for-like basis (in €million)	Variation on a like-for-like basis (as a %)
Offices – France	2,370.4	2,307.3	+63.1	+2.7%	+25.4	+1.2%
Icade REIT (Germany)	304.5	380.4	(75.9)	(20.0)%	(7.9)	(2.6)%
Offices division	**2,674.9**	**2,687.7**	**(12.8)**	**(0.5)%**	**+17.5**	**+0.7%**

In 2011, the investments made in office assets, which mainly include the works of the EQHO tower and the office buildings in Villejuif, totaled €167.8 million. Neutralizing the impact of these investments and the sales of the former SIICInvest shops, the lots held in joint ownership of the Hoche-Courcelles building in Paris and the Atrium buildings in Paris, Lille La Madeleine and MK9 in Munich sold in 2011, the change in value of the assets of the Offices division as of 31st December 2011 amounted to €17.5 million on a like-for-like basis, i.e. +0.7%.

Generally, this change is explained by the effect of a slight drop in rates leading to an increase in values of around €15.5 million and by a business plan impact on the buildings, consolidating in particular the development of the rental situation and the works budgets and the effect of indexing rents, of €2.0 million as of 31st December 2011.

Return on assets and reversion potential

Valuation of office assets	Valuation rights included (in €million) (1)	Value ex- rights (in €million) (2)	Net return ex-rights (3)	Average price €/m² (4)
Paris QCA	286	270	6.1%	10,549
Paris (excluding QCA)	111	109	6.1%	8,216
La Défense	235	222	9.3%	4,882
Western Quadrant	897	849	6.3%	8,429
Inner Ring	296	291	6.4%	4,656
Outer Ring	41	38	10.7%	1,275
Total Ile-de-France region	**1,866**	**1,779**	**6.7%**	**6,412**
Regional	17	16	9.2%	1,564
Germany	241	232	7.5%	1,926
TOTAL	**2,124**	**2,027**	**6.8%**	**4,967**
Property reserves and projects under development(5)	660	648	N/A	N/A
TOTAL	**2,784**	**2,675**		

(1) Valuation, including rights, of the Office assets established on the basis of the average of valuation values as of 31st December 2011.
(2) Valuation ex-rights of the Office assets established on the basis of the average of valuation values as of 31st December 2011 (after deducting the taxes and recording fees calculated at a flat rate by the surveyors).
(3) Net annual rents of rented floor space added to potential net rents of vacant units at market rental value in relation to the exclusive rights valuation value of rentable floor space.
(4) Established in relation to valuation value excluding rights.
(5) Primarily includes the land and projects under development in Germany (Arnulfstrasse 61 in Munich, Mercedesstrasse in Düsseldorf, Hohenzollerndamm and Salzufer in Berlin and Ahrensdorf in Ludwigsfelde), the building under construction in Villejuif (avenue de Paris), the Tour Descartes and the Mistral project in Paris 12.

The yield of the Office division's buildings was 6.8% as of 31st December 2011 (identical at the end of 2010) for a reversion potential (*) valued at -4.2% based on the market rental values estimated by the property surveyors. This is explained by the stability of rates considered by the surveyors for the calculation of the asset values.

(*) reversion potential: difference ascertained between the market rental value of the rented space and the annual rent net of unrecoverable charges for the same space (expressed as a percentage of net rent). The reversion potential as calculated above is established without taking into consideration the schedule of repayments of the leases and is not subject to discounting.

The yield of la Défense was 9.3%, primarily because of deteriorated yields for the Scor tower following confirmation of the tenant’s departure.

2.2 The Commercial Property Investment Division – Business Parks

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 under development.

The market value of the assets of the Business Parks was valued at €1,542.0 million excluding rights as of 31st December 2011, compared with 1,416.1 million as of 31st December 2010, representing an upward variation of €125.9 million (+8.9%).

Icade allocated €47.8 million in maintenance and development investments in its Business parks in 2011.

On a like-for-like basis, after neutralizing investments for the year, the value of Icade's business parks increased by €78.2 million over 2011, i.e. +5.5%. This variation of €130 million is explained by the downward adjustment in yield and discount dates used by the property surveyors and at -€51.8 million by the business plan impact on the buildings.

Geographical breakdown of assets

Valuation of the property assets of business parks	Value excluding rights	
	(in €million)	(as a %)
Paris (75)	749	48.5%
Saint Denis (93)	161	10.5%
Aubervilliers (93)	632	41.0%
TOTAL	**1,542**	**100%**

The value of the parks located in Seine-Saint Denis (93) account for about 51% of the total value of the business parks, with those located in Paris accounting for the remaining 49% (Parc du Pont-de-Flandre and Parc du Millénaire).

Return on assets and reversion potential

Value of property assets of business parks	Valuation rights included (in €million)	Value excluding rights (in €million)	Net return Excluding rights	Average price €/m²
Parc du Pont de Flandre	362	341	6.9%	4,346
Parc des Portes de Paris	716	679	8.4%	2,133
Parc du Millénaire	332	327	6.3%	4,897
Parc le Mauvin	33	31	10.3%	1,404
TOTAL	**1,443**	**1,378**	**7.6%**	**2,839**
Property reserves and projects under development(1)	166	164	N/A	N/A
TOTAL	**1,609**	**1,542**		

(1) Consists mainly of buildings being refurbished (Parc du Pont-de-Flandre: building 028, Parc des Portes de Paris: buildings 114, 206, 287 and 291) and the development projects (Parc du Millénaire: buildings 3 & 4).

On the basis of rents as of 31st December 2011, the return on the business park assets was 7.6% (identical to the end of 2010) and the reversion potential of the portfolio is estimated at +2.6% based on the market rental values used by property surveyors.

2.3 Commercial Property Investments Division - Shops and Shopping Centers

As of 31st December 2011, this class of assets includes the Odysseum shopping center in Montpellier developed by Icade Promotion and opened in 2009, the Le Millénaire shopping center located in Aubervilliers, developed in a 50/50 partnership with Klépierre and delivered in April 2011, as well as the portfolio of Mr. Bricolage stores acquired at the beginning of 2008.

As of 31st December 2011, the total value of the assets of Shops and Shopping Centers was €437.1 million ex-rights, compared with €370.3 million at the end of 2010, representing an increase of €66.8 million (+18.0%).

Value of the property assets in €million	12/31/2011	12/31/2010	Variation (in €million)	Variation (%)	Variation (€million) on a like-for-like basis	Variation (%) on a like-for-like basis
Shopping centers	317.0	257.5	+59.5	+23.1%	+32.5	+12.6%
Icade Bricolage	120.1	112.8	+7.3	+6.4%	(0.3)	(0.2)%
Shops and Chopping Centers	**437.1**	**370.3**	**66.8**	**+18.0%**	**+32.2**	**+8.7%**

After restatement of the development costs incurred in 2011, primarily on the Aubervilliers shopping center and the acquisition of the Mr. Bricolage stores in Bessines, Ruffec and Abbeville, the change in the value of the Shops and Shopping Centers on a like-for-like basis amounted to +€32.2 million over 2011 (+8.7%). This change reflects approximately +€17.4 million from a drop in the return and discounting rates used by the property experts and by the revision of the assumptions of the business plans for the buildings for +€14.8 million.

Return on assets

Valuation of retail assets	Valuation rights included (in €million)	Value excluding rights (in €million)	Net return excluding rights	Average price €/m²
Paris	8	8	6.3%	3,022
Inner Ring	201	189	5.4%	6,367
Outer Ring	4	4	7.4%	734
Regional	245	236	6.7%	1,343
TOTAL	**458**	**437**	**6.1%**	**2,047**

The net return on the retail portfolio was 6.1% as of 31st December 2011 (compared with 6.7% at the end of 2010). This variation in the rate of return is due primarily to the favorable development in the rates considered for calculating the valuation value of the assets, through the opening effect of the Le Millénaire shopping center in Aubervilliers and the progress of the Odysseum shopping center in Montpellier.

2.4 The Commercial Property Investment Division – Public and Healthcare Amenities

The property portfolio of Public and Healthcare Amenities is composed of clinics and healthcare establishments and one office building in Levallois-Perret (92) and a child daycare center in Toulouse-Blagnac.

The office building in Levallois Perret (92) represents 30,000 m² of net floor area. This building, acquired in 2006 for €179.2 million including costs and works, was leased to the Ministry of the Interior over a 20-year period with a purchase option (LDA). With regard to the provisions retained in the lease, which render this operation similar to property financing, the building was not appraised on 31st December 2011, as it was on 31st December 2010. This lease contract was used when calculating the net asset value corresponding to the amount of the financial debt, representing €168.0 million as of 31st December 2011 (versus €170.5 million in 2010).

The overall value of this portfolio is estimated to be €1,514.2 million excluding rights as of 31st December 2011, compared with €1,035.3 million at the end of 2010, i.e. an increase of €478.9 million.

This change in value is mainly attributable to the acquisitions of 13 clinics (Vitry-sur-Seine, Bordeaux, Clermont-Ferrand, La Seyne-sur-mer, Niort, Saintes, Saint-Saulve, Charenton-le-Pont, Nancy, Toulouse, Bergerac, Valenciennes and Montauban) and to the works produced during 2011.

On a like-for-like basis, the value of the portfolio varied by +€35.6 million over 2011, i.e. +3.5%. This variation is explained by approximately +€12.2 million due to the impact of interest rates and +€23.4 million due to the impact of the business plans for the buildings.

Geographical breakdown of assets

Valuation of Public and Health Amenities property assets	Value excluding rights	
	(in €million)	(as a %)
Western Quadrant	168	11.1%
Inner Ring	70	4.7%
Outer Ring	281	18.5%
Total Ile-de-France region	**519**	**34.3%**
Regional	995	65.7%
TOTAL	**1,514**	**100%**

Return on assets

Valuation of Public and Health Amenities property assets	Valuation rights included (in €million)	Value excluding rights (in €million)	Net return excluding rights (1)	Average price €/m²
Clinics and other health centers	1,376	1,304	6.8%	2,225
Levallois	168	168	N/A	N/A
Property reserves and projects under development(2)	40	39	N/A	N/A
Other(3)	3	3	N/A	N/A
TOTAL	**1,587**	**1,514**		
Including Icade Santé(4)	*(4)1,388*	*(4)1,317*	*(5)6.8%*	

(1) Net rents discounted for the unrecoverable expenses on the assets reported at valuation value excluding rights, plus any rent supplements stipulated by contract for completion of work.
(2) Private hospital Villeneuve d'Ascq and lands of Naveil and La-Roche-sur-Yon.
(3) Crèche de Toulouse Blagnac.
(4) Value of Icade Santé assets including property reserves and projects under development.
(5) *On the basis of the value of Icade Santé assets excluding property reserves and projects under development.*

The net return from the clinics portfolio was 6.8% as of 31st December 2011 (compared with 7.0% at the end of 2010).

2.5 The Commercial Property Division - Warehouses

The market value of the Warehouse assets was valued at €247.3 million ex-rights as of 31st December 2011, compared with €258.9 million as of 31st December 2010, representing a decrease of €11.6 million (-4.5%).

On a like-for-like basis, after neutralizing investments for 2011, the value of these assets was down by €17.0 million, i.e. -6.6%. This variation is explained by the combined effect of an increase in interest rates leading to a reduction in value of about €11.6 million, counterbalanced by the effects of a business plan for the buildings, having an impact of -€5.4 million.

Return on assets and reversion potential

Valuation of office assets	Valuation rights included (in €million)	Value excluding rights (in €million)	Net return ex-rights	Average price €/m²
Outer ring	8	8	19.3%	288
Regional	253	239	10.1%	419
TOTAL	**261**	**247**	**10.4%**	**413**

The return on the Warehouse assets was 10.4% as of 31st December 2011 for a reversion potential valued at -4.8% based on the market rental values estimated by the property surveyors.

3. The Housing Investment Division

The assets of the Housing Investment division as of 31st December 2011 are composed of the buildings managed by the SNI and the joint ownership housing and various residual assets of the Housing Investment division, which were valued on the basis of property valuations.

The value of the Commercial Property division portfolio was €311.8 million ex-rights as of 31st December 2011, compared with €360.6 million at the end of 2010, i.e. a variation of -€48.8 million (-13.5%).

This variation is mainly explained by the effect of the sale of shops on the ground floors of residential buildings carried out at the end of the first half of 2011. On a like-for-like basis, the change in value of the assets of the Residential Property division is €10.4 million (+3.5%) and is primarily due to the adjustment in the values of property reserves.

4. Methodology used by the experts

The methodologies used by the surveyors were identical to those used in the previous fiscal year.

The investment buildings are evaluated by the surveyors by combining two methods: the revenue method (the surveyor using the net rent capitalization or discounted cash-flow method, whichever is the most appropriate) and cross checking using the method of direct comparison with the prices of transactions recorded on the market on equivalent assets in terms of nature and location (unit, block or building price).

The net revenue capitalization method consists of applying a rate of return to 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 and net revenue) to which different rates of return correspond.

The discounted cash flow method assumes that the value of the assets is equal to the discounted sum of the financial flows expected by the investor, including resale at the end of the holding period. In addition to the resale value obtained by applying a theoretical rate of return on the rents for the last year, which differs depending on the sites, the financial flows integrate the rents, the different charges not recovered by the owner and the heavy maintenance and repair work. It should be noted that the discount rate reflected is based on three criteria: the rate of low-risk money, a premium for the real estate market and, finally, a premium related to the building, which takes its characteristics into account (location, construction and security of revenue).

Whether the capitalization or discounting method is used, valuation calculations are performed 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 appraised 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).

In the case of property reserves and buildings under development, the valuation principles for these assets are detailed below.

Special case: buildings under development on own land

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

Principal categories of buildings 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 authorizations, 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 caution 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 authorizations such as demolition permits, building permits, authorization from the Commercial Property Departmental Commission (CDEC), where the exit horizon is usually within a period of two to four years with a degree of risk and revaluation, which changes over time until the building is delivered, marketed and placed in 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 these 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 deducts 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 cost.
Whichever method is selected, it is ultimately up to the property surveyors to set a value and discount rate in line with the risks inherent in each project and, in particular, the state of progress of the various authorization and building phases (demolition permit, building permit, objections, progress of work, any pre-marketing or rental guarantee). Using the existing value, the experts must explain which procedure they followed in estimating the degree of risk and revaluation attached to the building based on the circumstances under which they work and the information provided to them.

The buildings of the clinics or health establishments, which are considered as single-use property assets, are valued by the property surveyors using the rent capitalization method or by the discounted future cash-flow method.

It should be noted that the market value of a hospital is essentially dependent on the operation and its ability to generate sufficient revenue to ensure a normal return on property investment. These buildings fall under the category of single-use buildings and the value used by the surveyor remains, however, totally related to its operation and, therefore, to 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 specialization 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 the average revenue 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, etc.,) and any competition. Otherwise, the premises of the establishment could be valued by capitalization of the rental income advised by Icade.

B - VALUATION OF THE SERVICES AND DEVELOPMENT BUSINESSES

Icade's services and development companies were valued by an independent firm for the purposes of calculating the Net Asset Value. The method used by the surveyor, which remains identical to that used during the last fiscal year, 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, as of 31st December 2011, the value of the services and development companies totaled €426.6 million compared with €443.5 million as of 31st December 2010, an annual decrease of 3.8%. The value of these companies on 31st December 2011 was represented by the Development companies (83%) and the Service companies (17%).

Among the financial parameters used, the surveyor used a weighted average cost of capital, unchanged from the valuation conducted at the end of 2010, between 8.66% and 9.64% for the services companies and between 8.66% and 12.94% for the development companies.

C - METHODOLOGY FOR CALCULATING NET ASSET VALUE

The EPRA single Net Asset Value (NAV) was calculated on the basis of the shareholders' equity established according to the IFRS standards, the following items being added or subtracted:

(+) the impact of share dilution yielding access to capital;

(+) the unrealized capital gain on property assets established on the basis of property valuations, excluding conveyance charges and asset disposal costs. For assets under promises of sale signed during the fiscal year, the reference value is that appearing in the promise;

(+) the unrealized capital gain on the property development values and the service companies established on the basis of the independent valuation that was carried out;

(+/-) the cancellation of the positive or negative effects of developing the cash flow hedge instrument market, accounted for in the consolidated shareholders' equity in IFRS standards;

The EPRA triple net NAV corresponds to the EPRA single net NAV subtracted from the following items:

(+/-) the consideration of the positive or negative effects of emphasizing the cash flow hedge instrument market, accounted for in the consolidated shareholders' equity in IFRS standards;

(+/-) the positive or negative effects of converting the fixed-rate financial debts not taken into account under IFRS standards into market value (pursuant to IFRS, derivative financial instruments are shown on the balance sheet and financial debts are accounted for at cost).

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

The shareholders' equity used as a reference for calculating the EPRA NAV includes the net result for the reference period. The EPRA NAV is calculated in terms of Group share and per diluted share, after canceling any treasury shares and taking into account the diluting impact of stock options.

D – CALCULATING EPRA NET ASSET VALUE

1. Consolidated equity and reserves

As of 31st December 2011, the consolidated shareholders' equity Group share amounted to €2,738.3 million including net income, Group share of €93.0. The development of the hedge instrument cash flow market has a negative impact of €32.8 million on capital.

2. Unrealized capital gains on property assets

Unrealized 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. As of 31st December 2011, unrealized capital gains excluding rights and fees were €1,504.7 million.

3. Unrealized capital gains on development and services companies

The valuation of development and service companies was carried out on 31st December 2011 by an independent expert. This resulted in an unrealized capital gain of €101.7 million, which was included in the calculation of the EPRA NAV as of 31st December 2011.

4. Market value of debt

Pursuant to IFRS standards, derivative financial instruments are accounted for on Icade's consolidated balance sheet at their fair value. Converting fixed rate debt to fair value had a negative impact of €18.5 million and is taken into account in the calculation of the EPRA Net Asset Value.

5. Calculation of unrealized tax

The tax liability on unrealized 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 accounting value. It was €4.4 million on 31st December 2011. This tax liability applies primarily to the assets held by Icade Commerces and the assets of Icade REIT in Germany taxed at 15.83%.
The tax liability on unrealized 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 3.44% for securities held for over two years. These rates increased by 0.17% for the exceptional contribution for the shares that Icade held directly. As of 31st December 2011, the tax liability on unrealized capital gains on equity shares totaled €9.4 million.

6. Treasury shares and securities giving rights to capital

The number of fully-diluted shares used in calculating the EPRA Net Asset Value as of 31st December 2011 was 51,551,923, after canceling treasury stock. The impact of diluting instruments is 15,890 shares as of 31st December 2011.

The EPRA single Net Asset Value group share resulted in €4,508.3 million as of 31st December 2011, representing €87.5 per share.

The EPRA triple Net Asset Value group share resulted in €4,312.5 million as of 31st December 2011, i.e. €83.7 per share.

In the EPRA NAV calculation, the dilution related to stock-options had the effect of increasing consolidated shareholders' equity and the number of shares will be deducted from the number of exercisable shares at the end of the fiscal year.

Note that the liquidation NAV previously published used the share-buyback method for calculating the dilution with no impact on consolidated shareholders' equity. The application of either method leads to an almost identical NAV per share.

Determination of the EPRA NAV group share (in €million)		12/31/2011	6/30/2011	12/31/2010
Group share of consolidated capital	(1)	2,738.3	2,772.4	2,833.2
Impact of share dilution giving access to capital	(2)	0.0	17.0	21.7
Unrealized capital gain on property assets (ex-rights)	(3)	1,504.7	1,424.3	1,240.4
Unrealized capital gain on development companies	(4)	71.0	128.9	121.1
Unrealized capital gain on service companies	(5)	30.8	20.0	38.0
Restatement of the revaluation of rate hedging instruments	(6)	163.5	99.7	130.6
EPRA single net NAV group share	(7)=(1)+(2)+(3)+(4) +(5)+(6)	**4,508.3**	**4,462.3**	**4,385.0**
Restatement of the revaluation of rate hedging instruments	(8)	(163.5)	(99.7)	+(130,6)
Revaluation of fixed rate debt	(9)	(18.5)	(0.6)	(13.1)
Tax liability on unrealized capital gain on property assets (ex-rights)	(10)	(4.4)	(4.5)	(13.9)
Tax liability on unrealized capital gain on securities for development companies	(11)	(7.6)	(4.7)	(3.8)
Tax liability on unrealized capital gain on securities for service companies	(12)	(1.8)	(0.6)	(15.1)
Group share EPRA triple net NAV	(13)=(7)+(8)+(9)+(10) +(11)+(12)	**4,312.5**	**4,352.2**	**4,208.5**
Number of fully diluted shares in millions	n	51.6	51.8	51.7
EPRA single net NAV per share *(group share - fully diluted in euros)*	(7)/n	**87.5**	**86.1**	**84.8**
Annual growth				*+3.1%*
EPRA single net NAV per share *(group share - fully diluted in euros)*	(13)/n	**83.7**	**83.9**	**81.4**
Annual growth				*+2.8%*

Change in liquidation NAV in euros per share

EPRA single net NAV Group share as of 12/31/10 (in euros per share)	**€81.4**
Semi-annual variation in shareholders' equity	-€1.3
including capital increases	*€0.2*
including dividends paid in the first half year	*-€3.3*
including group share of consolidated profit for the first half year	*€0.9*
including variation in the fair value of financial derivative instruments	*€0.6*
including the impact of the liquidity contract	*€0.3*
Variations in the impact of the number of diluted shares on shareholders' equity	-€0.1
Change in capital gains on property assets	€3.5
Variation of the capital gains on the development and service companies restated for undistributed 2010 results	€0.7
Change in tax on unrealized capital gains	€0.4
Variation in the fair value of fixed-rate debt	€0.2
Other variation	-€0.9
EPRA triple net NAV Group share as of 6/30/2011 (in euros per share)	**€83.9**
Semi-annual variation of shareholders' equity	-€0.7
including group share of consolidated profit for the second half year	*€0.9*
including variation of the fair value of financial derivative instruments	*-€1.2*
including the impact of the liquidity contract	*-€0.4*
Variations in the impact of the number of diluted shares on shareholders' equity	-€0.3
Change in capital gains on property assets	€1.6
Change in the capital gain on property-development and service companies	-€0.9
Change in tax on unrealized capital gains	-€0.1
Variation in the fair value of fixed-rate debt	-€0.3
Other variation	€0.5
EPRA triple net NAV Group share as of 12/31/2011 (in euros per share)	**€83.7**

EPRA triple net NAV is up €2.3 per share over the year 2011, i.e. 2.8%.

IV - FINANCIAL RESOURCES

In a context still marked by uncertainties about the liquidity of the market, Icade continued its active policy of renewing bank financing and profited from more favorable conditions than the margins and now has significant room for maneuver in terms of mobilizing funds.

In this environment, Icade concentrated on guiding its financial resources:

- no major maturity in the next two years with a sufficient level of available credit lines;
- a Loan to Value at around 40%;
- prudent management of the interest rate risk with a stable average cost of debt;
- control of the average length of its debt and hedges through proactive monitoring of market opportunities.

As result, significant financial balance has been maintained through prudent management of financing and rate hedges, as well as the diversification of sources of funding, particularly with the market access of the American private placement (USPP).
Icade is also preparing for the future with a solid financial organization matching its ambitions.

A - LIQUIDITIY

Financial resources were obtained in 2011 by renewing existing credit lines, setting up new confirmed credit lines and issuing a USPP.

The main financing activities over 2011 were as follows:

- Renewal or implementation of €130 million in short-term credit lines.
- Renewal and/or implementation of several bilateral bank credit lines for a total amount of €110 million.
- Setting up two financing promoters for partnership projects for an Icade Group share of €37.2 million;
- Issuing a private bond placement with an American investor, with a 15-year maturity, for €93.5 million.

These credit lines, excluding lines associated with jointly promotion operations, have an average spread of 99 basis points, excluding partnership credit lines.
The private placement is accompanied by an overall coupon of around 5%.

Icade has a drawing capacity on short and medium-term credit lines of nearly €344 million, to be used entirely as it sees fit. This decrease of €210 million in available credit lines since 30 June was due primarily to borrowing for financing the acquisition of clinics in an attempt to bring in new shareholders to Icade Santé. Based on the amortization profile and the current restructuring of a certain number of debts, these backup lines of credit and available cash as of 31st December 2011 cover almost two years of repayments of capital debt.

B - STRUCTURE OF DEBT AS OF 31st DECEMBER 2011

1. Nature of debt

The gross financial debt of €2,999.1 million as of 31st December 2011 consisted of the following:

- €2,348.4 million in corporate loans;
- €326.6 million in mortgage financing;
- €93.5 million in private placement;
- €144.6 million in direct-financing leases;
- €14.3 million in other debt (feeder loans, debt associated with holdings);

- €71.7 million in bank overdrafts.

Net financial debt totaled €2,690.9 million as of 31st December 2011, up by €398.7 million in comparison with 31st December 2010. This change primarily reflects:

- draws on revolving lines of credit in the amount of €210 million;
- new debt totaling €185 million (private placement, leasing and and draws on loans);
- natural amortization of debt, totaling €292 million;
- a decrease of around €234 million in cash related to investments made.

2. Debt by Maturity

The maturity of debt drawn (excluding discoveries and PPP pre-financing) by Icade as of 31st December 2011 is shown below, in millions of euros:

2012	358
2013	421
2014	1,009
2015	324
2016	91
2017	301
2018	118
2019 and subsequent yrs	284

Breakdown by Maturity	12/31/2011	12/31/2011
		338.80
Less than 1 year	12%	1,841.90
More than 1 year and less than 5 years	63%	733.30
More than 5 years	25%	2,914.00

The average length of total debt is 3.8 years, decreasing over the year.
The private placement, an illustration of the diversification of the financing resources and debt lengthening strategy, has contributed to limiting the drop in average duration. Draws at 1 and 3 months made within the framework of the Healthcare sector, temporarily lower its average life, pending opening Icade Santé to new shareholders.

3. Debt by business

After allocating intra-group refinancing, nearly 94% of the group's bank debt concerns the property investment business and 6% concerns property development; the share allocated to the service business line is insignificant. These proportions have remained stable since 2010.

4. Average cost of debt

In 2011, the average cost of financing was 2.20% before hedging and 4.08% after hedging, compared with 1.84% and 3.93% in 2010.
This variation before hedging is due to the change in interbank rates during the year. Note that the Euribor 3-month average, which was 0.812% in 2010, has increased to 1.393% in 2011

Against the background of an uncertain market and heavy upward pressure on financing margins, Icade succeeded in controlling its financing cost and maintaining it at a low level, particularly through hedges placed.

5. Rate risk

The monitoring and management of financial risks are centralized within the Treasury and Debt Division of the Finance Department.

This division reports on a monthly basis to Icade's Risk, Rates, Treasury and Finance Committee on all matters related to issues of financing policy, investments and the management of the rate and liquidity risks.

Changes in financial markets can entail a variation in interest rates, which may be reflected in an increase in the cost of refinancing. To finance its investments, Icade focuses on the use of floating-rate debt, which is then hedged, thus conserving its ability to prepay loans without penalties. This represents, before hedging, nearly 88.3% of its debt as of 31st December 2011 (excluding debts associated with investments and bank overdrafts).

Throughout 2011, 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 fiscal year). Debt with a maturity of more than one year is hedged.

Breakdown by Fixed/Variable Rate
(excluding debts related to equity investments and bank overdrafts)
(31 December 2011)

Fixed rate	12%
Hedged variable rate	75%
Non-hedged variable rate	13%

Thus, two €50 million swaps were made to cover two medium term debts.
Moreover, within the framework of managing its hedges, Icade restructured a portion of the hedge on its 2014 syndicated loan by activating €200 million in swaptions in order to cancel the same amount of swaps and by unwinding €68.75 million in supplemental swaps. This hedging was replance by €300 million in new swaps maturing in 2017.

The major portion of the debt, 87.3%, is protected against rising interest rates, either because it is directly subscribed to a fixed rate, or for the portion at a variable rate, through caps and swaps. Short-term draws made over the last part of 2011 were not hedged, the markets anticipating a drop in the Euribor.

The notional outstanding debt from hedging, in millions of euros, over future years are follows:

Hedges	
2012	2,076
2013	1,655
2014	978
2015	714
2016	676
2017	104
2018	17
2019	12
2020	6
2021	1
2022	-

Given the financial assets and the new hedges set up, the net position is given in the following table:
(€ million)

31/12/2011	Financial assets (*) (a)		Financial liabilities (**) (b)		Net exposure before hedge (c) = (a) - (b)		Rates hedge instrument (d)		Net exposure after hedge (e) = (c) + (d)	
	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Less than 1 yr		452.8	29.8	394.1	-29.8	58.7		112.6	-29.8	171.3
1 - 5 yrs			51.9	1,790.0	-51.9	-1,790.0		1,400.3	-51.9	-389.7
More than 5 years			273.4	459.9	-273.4	-459.9		676.1	-273.4	216.2
Total		452.8	355.1	2,644.0	-355.1	-2,191.2		2,189.0	-355.1	252.8

* Current and non current financial assets and cash and cash equivalents

** Gross financial debt

The average life of the variable-rate loan is 2.8 years, and that of the associated hedges is longer at 3.4 years; this can be explained by longer hedges implemented in order to secure future cash flows.

Finally, Icade favors classifying its hedging instruments as "cash-flow hedges" according to the IFRS standards, which requires that the variations in the fair value of these instruments be recognized as equity rather than as profit/loss.

During this financial year, notional “cash-flow hedging” remained stable. Considering the year's profile, and the change in interest rates, we note a negative impact on the capital and reserves of €32.8 million.

C – FINANCIAL STRUCTURE

1. Financial structure ratio

The LTV (Loan to Value) ratio: net financial debt/net asset value ex-rights ratio was 40% as of 31st December 2011 (compared with 37.4% as of 31st December 2010).
This increase was more than 6% because of the increase in the net debt compensated by the increase of 3% in revalued assets.

This ratio remains well below the ceiling levels to be met under the financial covenants stipulated in the banking documents (50% in the majority of cases where this ratio is mentioned as a covenant).

Also, this figure is the result of a prudent calculation because it includes all of Icade's debt (debt related to property-development, services and PPP, etc.) without taking into consideration the value of these assets or of these companies, since it is calculated only on the value of the assets of the Commercial Property division, ex-rights. After taking into account the value of the Development and Service companies and the value of the PPP assets, the adjusted LTV ratio was 37.4% as of 31st December 2011.

2. Interest coverage ratio

The ratio of interest hedging by operating income (corrected for depreciation) was 3.77x over 2011. This ratio decreased in comparison with previous years (14.27x in 2010), considering the capital gains on sales, which were recorded in 2010. Compared with EBITDA rather than with Operating Profit, this ratio works out as 3.47x.

FINANCIAL RATIOS	12/31/2011	12/31/2010
Net financial debt/net asset value ex-rights (LTV)	**40.0 %**	**37.4 %**
Net financial debt/net asset value including development and service companies (adjusted LTV)	**37.4 %**	**34.1 %**
Ratio of interest coverage to operating profit/loss (ICR)	**3.77x**	**14.27x**

3. Covenants table

		Covenants	12/31/2011
LTV*	Maximum	< 45% and > 50%	40.0 %
ICR	Minimum	(2)	3.77x
CDC Control	Minimum	50.1%	56.07 %
Value of property assets	Minimum	> €3 billion	€6.7 billion
Debt ratio of subsidiaries/Consolidated gross debt	Maximum	33%	12.6%
Sureties on assets	Maximum	< 20% of property assets	7.8%

**about 91% of the debt concerned by a covenant on LTV has a limit of 50%, with the remaining 9% having a limit of 45%*

***maximum calculation under the loan agreements*

The covenants were respected as of 31st December 31, 2011.