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Press release  
Paris, 29 April 2014

## Activity in the 1<sup>st</sup> quarter of 2014: turnover rises 15%

- 41.7% increase in the rental income of the Property Investment Division (-0.8% on a like-for-like basis)
- Exclusive negotiations for the rental of over 40,000 m<sup>2</sup> in the EQHO tower
- A 22.3% increase in Property Development sector turnover
- Continued improvement in financing conditions as a result of a second seven-year, 500 million euro bond issue with a 2.25% coupon rate

### Consolidated turnover

As of 31 March 2014, Icade reported a 29.2% increase in its consolidated turnover, rising to 361.3 million euros against 279.7 million euros as of 31 March 2013. The increase reached 14.8% on a like-for-like basis.

<i>(in millions of euros)</i>	31/03/2014	31/03/2013 Restated <sup>(1)</sup>	31/03/2013 Published	Change	Change on a like-for-like basis (%)
Property investment	140.8	99.4	103.2	41.4	(0.8)%
Other businesses	220.5	180.3	213.5	40.2	+23.4%
<b>TURNOVER</b>	<b>361.3</b>	<b>279.7</b>	<b>316.7</b>	<b>81.6</b>	<b>+14.8%</b>

<sup>(1)</sup> The main restatement consists in the application as of 1<sup>st</sup> January 2014 of the new IFRS 11 Standard regarding partnerships and "joint ventures"

Icade has been applying the new IFRS 10 and 11 Standards as of 1<sup>st</sup> January 2014. The subsidiaries that had previously been consolidated on a proportional basis are now consolidated according to the equity method. This procedural revision has in particular had the effect of subtracting the earnings from transactions conducted under joint control from the consolidated turnover figure.

Activities concerned by the application of these new standards are:

- for the Property Investment Division, the "Le Millénaire" shopping center (held in partnership with Klépierre) and the "Initiale" Tower in La Défense;
- joint development operations undertaken by the Residential Development Division;
- joint development operations undertaken by the Commercial Development Division (including the Paris Nord-Est office project).

In all, some 100 subsidiaries, the majority of which are involved in the real estate development sector, altered their consolidation accounting on 1<sup>st</sup> January 2014.

For comparative purposes, the 2013 turnover figure has been restated.

# Property Investment Division

## 1. TURNOVER AND RENTAL INCOME

Turnover of the Property Investment Division reached 140.8 million euros as of 31 March 2014, 41.7% higher than as of 31 March 2013.

(in millions of euros)	31/03/2013 published	31/03/2013 restated <sup>(1)</sup>	Change in perimeter		Like-for-like		31/03/2014
			Acquisitions/ Deliveries	Disposals/ Restructuring	Indexation	Rental business	
Offices France	29.6	28.4	15.3	(0.6)	0.1	(0.3)	42.9
Business parks <sup>(2)</sup>	24.2	23.6	31.0	(0.3)	0.1	(0.6)	53.8
<b>STRATEGIC ASSETS</b>	<b>53.8</b>	<b>52.0</b>	<b>46.3</b>	<b>(0.9)</b>	<b>0.2</b>	<b>(0.9)</b>	<b>96.7</b>
<b>HEALTHCARE</b>	<b>29.5</b>	<b>29.5</b>	<b>2.8</b>	<b>-</b>	<b>0.2</b>	<b>0.1</b>	<b>32.6</b>
<b>NON-STRATEGIC ASSETS<sup>(3)</sup></b>	<b>19.7</b>	<b>16.0</b>	<b>-</b>	<b>(5.8)</b>	<b>-</b>	<b>(0.2)</b>	<b>10.0</b>
Investment intra-group items	-	(1.3)	-	-	-	(0.2)	(1.4)
<b>RENTAL INCOME</b>	<b>103.0</b>	<b>96.3</b>	<b>49.1</b>	<b>(6.7)</b>	<b>0.4</b>	<b>(1.2)</b>	<b>137.9</b>
Other turnover	0.2	3.1	-	-	-	-	2.9
<b>TURNOVER</b>	<b>103.2</b>	<b>99.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140.8</b>

<sup>(1)</sup> The main restatement consists in the application as of 1<sup>st</sup> January 2014 of the new IFRS 11 Standard regarding partnerships and "joint ventures"

<sup>(2)</sup> Restatement as of 1<sup>st</sup> January 2014 of the Millénaire shopping center in the Business parks category

<sup>(3)</sup> Restatement as of 1<sup>st</sup> January 2014 of the Mr. Bricolage assets in the non-strategic assets category

Rental income is slightly lower on a like-for-like basis compared with 31 March 2013 (-0.8 million euros).

Perimeter changes account for 42.4 million euros of this change, including:

- 49.1 million euros due to acquisitions and deliveries
  - Silic rental income was classified as "Acquisitions and deliveries": it represents 45.2 million euros, including 29.9 million euros in business parks and 15.3 million euros in Offices France;
  - Investments made by Icade Healthcare in 2013 generated additional revenues in the first quarter of 2014 of 2.8 million euros;
  - The acquisition of 100% of the Millénaire offices in Aubervilliers contributed 1.2 million euros.
- -6.7 million euros due to disposals and restructuring. The disposal of mature (Factory) and non-strategic assets in 2013 (logistics platforms, housing units) generated a 6.4 million euro loss in rent.

On a like-for-like basis, the change amounts to -0.8 million euros, including:

- +0.4 million euros due to indexation;
- -1.2 million euros generated by the rental business, including -1.1 million euros ascribable to renegotiations (Club Méditerranée, Paris Region Health Agency) in exchange for lease extensions.

## 2. RENTAL BUSINESS

As a reminder, the management indicators below are presented on a pro-rata share of assets, in line with how they were presented for the first time as of 31 December 2013.

Asset classes	Leasable surface area (m <sup>2</sup> )	Leased surface area (m <sup>2</sup> )	Financial occupancy rate	Index-linked IFRS rental income (millions of euros)	Fixed lease residual duration (years)
Offices France	576,246	483,719	83.5%	174.7	4.7
Business parks	1,468,878	1,265,674	86.2%	223.8	3.2
Retail	157,864	157,864	100.0%	10.1	7.6
Healthcare	491,469	491,469	100.0%	73.6	9.0
Warehouses	162,312	136,139	84.1%	4.8	1.5
Offices Germany	68,454	67,289	98.7%	11.0	7.4
<b>COMMERCIAL PROPERTY INVESTMENT</b>	<b>2,925,222</b>	<b>2,602,155</b>	<b>87.5%</b>	<b>498.0</b>	<b>4.7</b>

The financial occupancy rate of 87.5% as of 31 March 2014 represents a 0.3-point decrease compared to 31 December 2013 due to the lower business park occupancy rate.

### New signings

Icade signed 28 new leases since the start of 2014, relating to 26,800 m<sup>2</sup> and representing 3.1 million euros in annual rents.

New signings during the 1<sup>st</sup> quarter of 2014 mainly relate to:

- 2,524 m<sup>2</sup> in the Millénaire 2 building leased to the Paris Region Health Agency (effective date: 1<sup>st</sup> March 2014)
- 2,539 m<sup>2</sup> in the Européen building in Evry leased to the Paris Region Agency for Companies, Competition, Consumers, Labor and Employment (effective date: 1<sup>st</sup> September 2014)
- 1,353 m<sup>2</sup> in the Cériante 2 building in Cergy leased to Arcil (effective date: 10 March 2014)
- 1,286 m<sup>2</sup> in the Narval A building in Nanterre leased to Orange (effective date: 10 March 2014)
- 1,232 m<sup>2</sup> in the Male building in à Rungis leased to Lidl (effective date: 1<sup>st</sup> March 2014)

In April 2014, Icade signed an agreement to start exclusive negotiations with a first-rate company in order to sign a lease for a surface area of over 40,000 m<sup>2</sup> of offices in EQHO in La Défense. This lease, whose effective date is scheduled and anticipated for the early part of the second quarter of 2015, would significantly improve the 2015 EPRA Earnings of the Property Investment Division, as had been announced.

The remaining EQHO lettable floor area of close to 34,000 m<sup>2</sup> is under active negotiations.

### Renewals

Icade has continued with its rental policy, which consists in offering its key tenants a renewal of their leases in order to secure sustained cash flows. This resulted in signing 14 leases covering 34,600 m<sup>2</sup> and securing nearly 7.9 million euros in rents with an average firm period of 5 years.

Renewals over the 1<sup>st</sup> quarter of 2014 mainly relate to 2 leases:

- 14,195 m<sup>2</sup> in the Miami building in Rungis renewed with the tenant Ricoh for a 6-year firm period;
- 12,489 m<sup>2</sup> in the 025 building on the Parc du Pont de Flandres in Paris renewed with the tenant Club Méditerranée for a 6-year firm period.

## Departing tenants

Departures as of 31 March 2014 affected 60 leases (41,800 m<sup>2</sup>) and represented a loss in annual rents of 8.9 million euros. The main departing tenants were Nexity (4,800m<sup>2</sup>) in the “Initiale” Tower in La Défense, Office Depot (2,960 m<sup>2</sup>) and Beckman (5,170 m<sup>2</sup>) in the Paris-Nord park and SFR (2,100 m<sup>2</sup>) in the Pont de Flandre park.

## Lease Expirations by Business

As of 31 March 2014, the average fixed term of leases was 4.7 years, slightly longer than this figure on 31 December 2013, mainly as a result of signed renewals.

Also on 31 March 2014, the leases expiring during 2014 account for €49.3 million in total annual rents (IFRS). These leases are of two kinds:

- those offering a simple opt-out in 2014; these leases represent 71% of the total, i.e. €35.1 million;
- those whose expiration date is scheduled in 2014; these leases account for the other 29% of the total, or €14.2 million. All tenants concerned are currently proceeding through the lease renewal stage.

Over the course of the 1<sup>st</sup> half of 2014, tenants who have not exercised their opt-out clause and instead elected to extend their lease for another 3-year period or else signed a new lease represent €11.1 million.

## 3. INVESTMENTS

Icade has continued to add value to its assets in order to increase the generation of cash flows. Investments amounted to 101.9 million euros over the first quarter of the year.

Asset classes	Asset acquisitions	Asset refurbishments	Constructions Extensions	Renovation Major maintenance	Total
Offices France	–	2.3	17.3	1.2	20.8
Business parks	40.1	0.2	28.5	6.7	75.6
<b>STRATEGIC ASSETS</b>	<b>40.1</b>	<b>2.5</b>	<b>45.8</b>	<b>7.9</b>	<b>96.4</b>
<b>HEALTHCARE</b>	–	–	<b>4.8</b>	–	<b>4.8</b>
<b>NON-STRATEGIC ASSETS</b>	–	–	–	<b>0.7</b>	<b>0.7</b>
<b>PROPERTY INVESTMENT DIVISION</b>	<b>40.1</b>	<b>2.5</b>	<b>50.6</b>	<b>8.6</b>	<b>101.9</b>

## Asset acquisitions

Icade acquired in January 2014 50% of the offices owned by Klépierre in the Millénaire complex buildings 5 and 6, located in Aubervilliers, for €40.1 million, making Icade the sole owner of these premises.

## Asset constructions/extensions

Investments mainly related to:

- 17.3 million euros in *Offices France*, including the Silic building construction expenses, of which €9.2 million for the Sisley in Saint-Denis (delivery due in April 2014), €6.8 million for the Monet in Saint-Denis, and €1.3 million worth of studies for the Campus La Défense project;
- 28.5 million euros in *business parks*, including construction expenses for the Millénaire 3 (12.5 million euros), the Veolia headquarters (3.6 million euros) and the construction of the Silic buildings (8.6 million euros for the Brahms and 3.9 million euros for the Québec);
- Icade Healthcare buildings amounted to 4.8 million euros with the extension of the Clinique du Pic Saint-Loup (€1.6 million) and the Clinique François Chenieux (€2.3 million).

## Asset refurbishments

The bulk of the work concerned EQHO in order to finish its refurbishment (0.9 million euros) and the Tour BP5 (1.4 million euros). EQHO was delivered at the start of July 2013.

## Renovations and major maintenance

They mainly relate to renovation expenses for business parks and supporting measures (contract work).

## Other businesses

Turnover (in millions of euros)	31/03/2014	31/03/2013 restated <sup>(1)</sup>	31/03/2013 published	Change	Change on a like-for-like basis (%)
Property Development Division	215.3	176.1	207.8	39.2	+22.3%
Services Division	10.1	11.2	11.2	(1.1)	+7.3%
Intra-group eliminations	(4.9)	(7.0)	(5.5)	2.1	(30.1%)
<b>OTHER BUSINESSES</b>	<b>220.5</b>	<b>180.3</b>	<b>213.5</b>	<b>40.2</b>	<b>+23.4%</b>

<sup>(1)</sup> Application as of 1<sup>st</sup> January 2014 of the new IFRS 11 standard regarding partnerships and "joint ventures"

### 1. PROPERTY DEVELOPMENT DIVISION

The Property Development Division reported turnover of 215.3 million euros as of 31 March 2014, up 22.3% compared with 31 March 2013.

Turnover (in millions of euros)	31/03/2014	31/03/2013 restated <sup>(1)</sup>	31/03/2013 published	Change (%)
Residential Property Development	175.0	125.6	131.1	+39.4%
Commercial Property Development	40.2	50.5	76.7	(20.3)%
<b>TURNOVER</b>	<b>215.3</b>	<b>176.1</b>	<b>207.8</b>	<b>+22.3%</b>

<sup>(1)</sup> Application as of 1<sup>st</sup> January 2014 of the new IFRS 11 Standard regarding partnerships and "joint ventures"

## Residential Property Development

Main indicators	31/03/2014	31/03/2013	Change (%)
<b><u>Reservations</u></b>			
. in numbers (housing units and lots)	705	664	+6.2%
. in value (in millions of euros)	168.2	179.9	(6.5)%
<b><u>Closed sales</u></b>			
. in numbers (housing units and lots)	512	943	(45.7)%
. in value (in millions of euros)	133.6	216.0	(38.1)%
<b><u>Unsold properties</u></b>			
. in numbers (housing units and lots)	103	114	(9.6)%
. in value (in millions of euros)	19.8	19.2	+3.1%
Withdrawal rate	20%	29%	
Disposal rate	5.6%	4.6%	
<b><u>Property portfolio</u></b>			
. in numbers (housing units and lots)	6,955	7,753	(10.3)%
. in projected value (in millions of euros)	1,509	1,770	(14.7)%

The turnover of the Residential Property Development Division amounted to 175.0 million euros as of 31 March 2014, up 39.4% compared with 31 March 2013, as the Paris Nord Est project gathered pace (Paris 19<sup>e</sup> – Mac Donald: 1,126 lots) and thanks to the lack of harsh winter weather. As a result, the technical progress rate of projects was greater than in the 1<sup>st</sup> quarter of 2013, which had experienced less clement weather conditions.

Since these results had been tied to the seasonality effects, they do not suggest a similar performance throughout the entire financial year. Icade thus maintains its forecast for stable income across the company's residential development activity compared to 2013.

As of 31 March 2014, reservations stood at 705 lots (of which 162, or approximately 23%, were reserved in block by institutional investors) for turnover of 168.2 million euros, compared with 664 lots for 179.9 million euros as of 31 March 2013, or a 6.2% increase in number and a 6.5% decrease in amount. This decline was due to a lower average reservation price between the two periods (3,326 euros/m<sup>2</sup> against 3,719 euros/m<sup>2</sup> in 2013) due to a different breakdown of reservations between the Paris Region and the rest of the country.

Notarized sales reached 512 lots as of 31 March 2014, down 45.7% compared with 31 March 2013. The launch of work for the Paris Nord Est project (1,126 housing units) had generated a substantial increase in the number of sales as of 31 March 2013 (215 housing units). The average sale price reached 261,000 euros as of 31 March 2014 compared with 229,000 euros as of 31 March 2013.

Institutional investors represented 20% of cumulative reservations as of 31 March 2014 against 38% as of 31 March 2013.

The backlog of the Residential Property business was down 10.5% compared with 31 March 2013 and stood at 961.1 million euros as of 31 March 2014. This represents a 5% decline compared with 31 December 2013.

## Commercial Property Development (offices, shopping centers, public-healthcare)

Turnover of the Commercial Property Development business (offices, shopping centers, public-healthcare) amounted to 40.2 million euros as of 31 March 2014, or a 20.3% decrease compared with 31 March 2013.

This decline in the Commercial Property Development business is due to the end of several significant projects (Joinville, Lille La Madeleine, Dijon Mutualité), partially compensated as of 31 March 2014 by new office construction projects launched in 2013 and 2014.

The backlog of the Commercial Property Development business decreased by 9.7% compared with 31 March 2013 and stood at 470.8 million euros, against 526.8 million euros as of 31 December 2013. This reduction is mainly due to the delivery of the above projects.

The backlog of the Commercial Property Development business was down by 10.6% compared with 31 December 2013.

As of 31 March 2014, Icade's project portfolio in Commercial Property Development (offices and shopping centers) represented 969,864 m<sup>2</sup>, including 268,285 m<sup>2</sup> of projects under way and 701,579 m<sup>2</sup> of projects at the initial development stage.

As of 31 March 2014, Icade's project portfolio in the in the Public and Healthcare Development sector consisted of 266,540 m<sup>2</sup> including 139,794 m<sup>2</sup> of projects under way (of which 10,000 m<sup>2</sup> as PPP) and 126,746 m<sup>2</sup> of projects in the initial development stage.

## 2. SERVICES DIVISION

<i>(in millions of euros)</i>	<b>31/03/2014</b>	<b>31/03/2013</b>	<b>Change</b>	<b>Change on a like-for-like basis (%)</b>
<b>PROPERTY MANAGEMENT</b>	<b>7.8</b>	<b>7.6</b>	<b>0.1</b>	<b>+1.4%</b>
<b>CONSULTANCY AND SOLUTIONS</b>	<b>2.4</b>	<b>1.7</b>	<b>0.7</b>	<b>+43.2%</b>
o/w Icade Solutions Immobilière (ISI)	2.0	1.2	0.8	+66.4%
o/w Others	0.4	0.5	(0.1)	(12.9)%
Intra-business services	(0.1)	(0.1)	0.0	+35.3%
Businesses sold	0.0	1.9	(1.9)	N/A
<b>TURNOVER</b>	<b>10.1</b>	<b>11.2</b>	<b>(1.1)</b>	<b>+7.3%</b>

Turnover in the Services Division reached 10.1 million euros as of 31 March 2014 against 11.2 million euros as of 31 March 2013. This change is due to the effects of change in scope. The disposal, in 2013, of Icade Suretis, a subsidiary specializing in managing security and remote surveillance services, led to a 1.9 million euro loss in turnover.

Turnover on a like-for-like basis as of 31 March 2014 improved by 7.3% compared with 31 March 2013 (9.3 million euros), mainly as a result of the full year impact of asset management contracts won in 2013 and of the billing of several non-recurrent property consulting projects in the quarter.

## 3. INTRA-GROUP ELIMINATIONS

Intra-group eliminations amounted to -4,9 million euros as of 31 March 2014, compared to -7.0 million euros on the same date in 2013.

# Financing strategy

Continuing the dynamic management of its liabilities, Icade has improved the terms of a significant share of its bank debt in the 1<sup>st</sup> quarter of 2014.

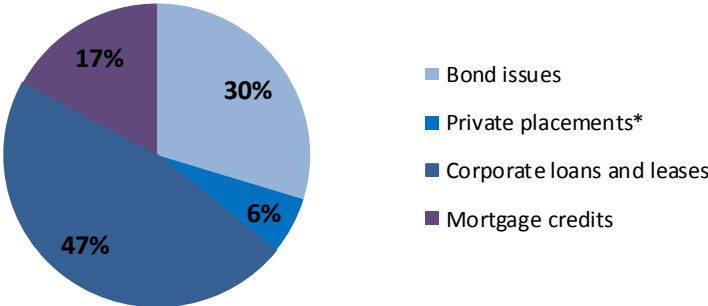
Icade has thus negotiated:

- A one-year extension to the initial maturity of the term loan (500 million euros) concluded in 2012, and the substitution of the 2012 forward start (375 million euros) by a refinancing credit line with an average maturity extended by four months.
- New reduced financial conditions on those two lines, generating cumulative savings on interest expenses of more than 13 million euros through to 2017.

Moreover, at the start of April, Icade issued a seven-year, 500 million euro bond with a coupon rate of 2.25%. This financing was raised with a 98 bp spread over the reference rate.

These achievements have allowed the group to continue to implement its financial policy of diversifying its financing sources and lengthening the average maturity of its debt. They also contribute to meeting the 2014 guidance which aims to reduce the average cost of debt by 40 to 60 bps over the period, and to diversify its financing sources as illustrated below.

**Breakdown of Icade debt as of 31 March 2014 post bond issue**



*\*of which €200m in secured private placements*



## Upcoming events

2014 semiannual earnings: 23rd July, 2014 following the day's close

## About Icade

A listed real estate investment company and subsidiary of the Caisse des Dépôts, Icade is a major player in Greater Paris and regional development capable of providing comprehensive, sustainable and innovative solutions that are tailored to customer needs and the challenges of tomorrow's cities. Leading commercial real estate company in Europe, Icade recorded an EPRA Earnings from Property Investment of 214 million euros in 2013. On 31 December 2013, its EPRA triple net asset value reached 5,703 million euros, or 77.3 euros per share.

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## Icade contacts

### **Nathalie Palladitcheff**

Member of the executive board, in charge of finance, legal matters and IT and of the property services division  
+33 (0)1 41 57 72 60  
[nathalie.palladitcheff@icade.fr](mailto:nathalie.palladitcheff@icade.fr)

### **Julien Goubault**

Deputy chief financial officer, in charge of financing, corporate and investor relations  
+33 (0)1 41 57 71 50  
[julien.goubault@icade.fr](mailto:julien.goubault@icade.fr)