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PRESS RELEASE

Paris, 22 February 2016

ICADE – 2015 FULL YEAR RESULTS
A YEAR OF ADJUSTMENT AND A CLEAR ROADMAP

- **Presentation of a new three-year strategic plan focused on growth and value creation**
- **New management team and project to simplify the shareholding structure[1] (proposed merger by acquisition of HoldCo SIIC by Icade and improvement in governance)**
- **Financial occupancy rate up 4.9 pps for Commercial Property Investment. Consolidated leadership of the Healthcare Property Investment business (acquisition of 18 clinics in 2015). Pick-up in the Property Development division (the backlog increased by 22%)**
- **EPRA Earnings from Property Investment were resilient at €3.70 per share (+1.1%) and Group NCCF stood at €4.07 per share (-5.6%), in line with guidance**
- **As announced on 30 November 2015, the valuation of Business Parks declined, generating a net allocation impairment of €310m for the Commercial Property division**
- **Triple net NAV per share rose by 0.97% to €73.1 compared to 30 June 2015 (-2.8% over 12 months, taking into account asset impairments)**
- **Optimised cost of debt (average cost: 2.71%, i.e. -36 bps), a controlled LTV (38.0%)**
- **End of the dispute with the tax administration regarding the Exit Tax**
- **Proposed dividend: €3.73 per share**

1. Presentation of a new three-year strategic plan

The year 2015 was marked by the presentation, on 30 November 2015, of a strategic plan focused on growth and value creation, which is based on five pillars :

- Optimise the business park portfolio by refocusing on assets demonstrating the highest value creation potential (disposal of selected parks, enhancement of the occupancy rate of "core" assets, particularly through an innovative marketing policy: "Coach your growth with Icade");
- Improve the profitability of the Office business through the Property Development pipeline and broaden the investment scope to include a number of major French cities, in synergy with the Property Development division;
- Make sure that the level of profitability of Property Development activities is in line with the main peers (target ROE: 12%) and develop synergies with Property Investment activities;
- Reinforce the leadership of the Healthcare business in the French market through selective acquisitions and active asset management;
- Sell the Services business.

Furthermore, Icade intends to consolidate its leadership position in terms of CSR and innovation within the real estate sector.

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[1] *The project to simplify the shareholding structure is detailed in a separate press release.*

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2. New management team

In H1 2015, the Board of Directors defined a new governance model for Icade by separating the functions of Chairman of the Board and CEO. After his appointment, Olivier Wigniolle renewed a significant part of Icade's executive committee.

3. Business activity

- **Commercial Property Investment: strong business activity / an increasing occupancy rate**

Sustained leasing activity

In FY 2015, the Commercial Property Investment division renewed 69 leases covering a total surface area of 168,770 sq.m including the Axa France (57,800 sq.m) and Thales leases (22,160 sq.m);

New leases taking effect in 2015 corresponded to 185,245 sq.m, including including 63,800 sq.m from the Eqho Tower which are leased to KPMG, Air Liquide, Union de Banques Arabes et Françaises and Banque de France.

The year 2015 was also marked by the completion of office buildings for over 32,000 sq.m (the "Le Monet" building in Saint-Denis, fully leased, and the "Québec" building in the Parc de Rungis, marketing in progress).

Tenant departures corresponded to 42,964 sq.m for disposals made in 2015 (Millénaire 2 and the "Champs" and "Européen" buildings in Evry).

Like-for-like exits related to tenant departures represented 109,378 sq.m.

Compared with 31 December 2014, the financial occupancy rate of the Commercial Property Investment division improved by 4.9 points (86.8% including 90.2% for Offices and 84.1% for Business Parks) thanks to the leases of the Eqho Tower taking effect.

Rental income was stable on a like-for-like basis and down 6.4% to €387.5m for the scope of consolidation taken as a whole:

- Impact of disposals: €24.3m;
- Negative net balance of the leasing activity: - €1.9m (of which + €5.1m in regards to entries and exits, and - €9.8m in regards to lease renegotiations (AXA France, ERDF, THALES leases);
- Margin (net versus gross rents) stable at 90.8%.

Average lease term increased from 3.7 years to 4.2 years..

Active asset management

The investments made in 2015 in the Commercial Property Investment business totalled €225.5m and they mainly included:

- Office developments worth €16.5m (including Le Monet, Campus Défense, Open);
- Business parks developments worth €121.2m (including Veolia for €76.2m, Millénaire 3 for €44.9m and Millénaire 4 for €27.1m) ;
- Renovation expenses for Business Parks: €48.3m;

- o Fitting-out works carried out on behalf of tenants: €39.6m.

The disposals conducted in a competitive market environment (where it is difficult to get a reasonable return on acquisitions of prime properties compared with proprietary development projects) show Icade's ability to create value and use its sites to their full potential, as it was the case for the transactions carried out in the Millénaire Park. The main transactions were those of the Millénaire 2 and Millénaire 3 buildings (€346m that generated capital gains of €137m).

In 2015, disposals of non-strategic assets totalled €30.1m, mainly with the sale of two buildings located in Evry.

- **Healthcare Property Investment: consolidation of leadership**

The Healthcare Property Investment portfolio recorded strong growth in 2015, thanks to the acquisition of a significant portfolio of 16 clinics for €606m, completed in the autumn of 2015 as part of the Vedici-Vitalia merger. In 2015, Icade acquired two further establishments for a total of €107m.

Net rental income increased by 19.1% to €166.8m on a reported basis:

- o Impact of acquisitions: €25.8m;
- o Stability on a like-for-like basis: +0.3%;
- o Margin (net versus gross rents) in slight decline to 98.4% (-0.4 pps).

Average lease term was stable at 8.8 years, influenced by the acquisitions conducted by Icade during the year.

- **Property Development: a promising dynamic**

In 2015, the Property Development division recorded a significant improvement in its main physical indicators, with:

- o **A strong increase of the backlog (+22%) to €1,508m**, driven by a significant increase of the Commercial Property Development backlog (+65%) thanks to the signing of several off-plan sales of Offices with leading institutional investors in Lyon (Sky 56, Les Girondins commercial area), and also in Lille (Le Conex), Rennes, Paris, and Montpellier (high-speed train station).
- o Housing sales were up (6.6% increase in reservations in value terms), boosted by the "Pinel" tax incentive programme.

IFRS revenues as at 31 December 2015 were down 24.1% to €885.4m (including 73.1% Housing).

- o Residential revenues down 18.6% to €647.2m: impact of lower business activity in 2013 and 2014, intensified by the impact of the residential component of the North East Paris project (completed in 2015), for which €147.6m revenues were recognised in the 2014 financial statements;
- o Commercial revenues down 36% to €238.3m, especially due to impact of the sale of the Le Garance building, which generated revenues of €166.7m in 2014.

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4. A year of adjustment

	31/12/2015	31/12/2014	*Change*
EPRA earnings from Property Investment (€m) EPRA earnings from Property Investment per share	**273,0** €3,70	**269,9** €3,66	*+1,2%* *+1,1%*
Group net current cash flow (€m) Group net current cash flow per share	**300,1** €4,07	**317,9** €4,31	*(5,6)%* *(5,6)%*
NAV simple net per share	**€76,0**	**€78,4 €**	*(3,1)%*
NAV triple net per share	**€73,1**	**€75,2 €**	*(2,8)%*
Net profit(/loss) – Group share (€m)	**(207,6)**	**151,5**	-
Average Cost of debt	**2,71%**	**3,07%**	*(36) bps*
LTV	**38,0%**	**36,9%**	*110 bps*
ROE Property Development	**4,3[2]%**	**9,7%**	

EPRA Earnings from Property Investment grew by 1.2% to €273m, in line with the guidance given last November, including €199.6m for Commercial Property Investment (-4.4%) and €73.3m for Healthcare Property Investment (+20.0%).

Net current cash flow - Group, which includes EPRA earnings from Property Investment and the cash flow from the Property Development and Services activities, dropped 5.6% to €300.1m. This is equivalent to €4.07 per share, which is in the upper part of the range announced to the market in July 2015.

EPRA NAV triple net totalled €5,383m (-2.8%). This change results primarily from the downward revision of the value of the business park portfolio, in the context of a comprehensive revision of business plans for these assets (10.1% decline on a like for like basis).

Besides, the value of office and healthcare portfolios increased, driven by positive interest-rate and business plan impacts (+4.8% and +1.6% on a like for like basis, respectively).

NAV per share rose by 0.97% compared to 30 June 2015.

Net profit(/loss) - Group shows a loss of - €207.6m.

This loss is explained by a net provision of €310m in 2015, which can be broken down as follows :

- Charges to impairment of €470m, mainly due to the change in the value of the Property Investment portfolio, including :
  - €390.4m for Business Parks
  - €69.3m for Offices.
- Reversals of provisions for €156.8m, with €144.6m coming from the office portfolio (EQHO Tower for €129m).

Two other significant non-recurring items had a negative impact on IFRS results :

- End of the dispute with the tax administration regarding the Exit Tax

[2] *ROE = RNPG/Moyenne des Fonds Propres sur l'exercice.*

A €31.5m payment to the tax administration permanently settled the procedure initiated in 2010 concerning the estimated market values used during the merger of Icade Patrimoine with Icade SA. This transaction was recognised in Icade's financial statements for the year ended 31 December 2015 (charge booked of €31.5m).

Through this transaction, Icade put an end to a 5-year dispute which implied an overall potential risk of €225m.

- Disposal of the Services activity

Following the announcement of the withdrawal from the Services activity, pursuant to IFRS 5 (assets held for sale and/or discontinued operations), the assets and liabilities related to Services are presented on separate lines on the balance sheet. The impact of this reclassification on 2015 Profit(/Loss) is -€20.5m.

ROE Property Development at 4.3%

2015 ROE was penalised by lower business activity; operating profit for the Property Development division amounted to €37.9m (vs. €64.2m in 2014).

Furthermore, as Icade does not wish to allocate more than 10% of its capital to the Property Development division, the company optimised capital allocation on 31 December 2015, with a reduction in allocated capital of €100m in 2015 (achieved through the intragroup payment of a special dividend on 30 December 2015).

Optimised cost of debt, a controlled LTV

In 2015, Standard & Poor's confirmed its grade of BBB+ stable outlook.

During the year, Icade continued to optimise its financing conditions thanks to attractive market conditions:

- Successful issuance of a 7-year, €500m bond (annual coupon of 1.875%): investors confirmed their confidence in Icade's credit quality;
- The amount of outstanding commercial papers rose to €303m (+ €100m).

As liability optimisation continued, the average cost of debt was lowered to 2.71% in 2015, compared to 3.07% in 2014.

Average debt maturity was 4.5 years as of 31 December 2015.

5. Dividend

Icade's Board of Directors will propose to the Shareholders' Meeting to be held in Q2 2016 the distribution of a dividend of €3.73 per share, unchanged compared to the previous financial year.

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6. Outlook

In 2016, the company will focus on the six priorities necessary for the implementation of its new strategy:

- Reducing the vacancy rate of its Business parks, through the launch of the Coach Your Growth with Icade programme, which is intended to reposition its lease offerings;
- Launching the disposals of “non-core” Business Parks;
- Developing the first synergies between the Property Investment activity and the Property Development activity;
- Saling the Services activity;
- Targeting investment opportunities in major French cities;
- Implementing “aligned” compensation incentive schemes for the management.

In operational terms, 2016 will be marked by large-scale operations for Commercial Property Investment: completion in the summer of the future head office of Veolia (45,000 sq.m), completion in June and October of the Open buildings (9,100 sq.m being renovated) and Millénaire 4 (24,500 sq.m).

The Healthcare business will benefit from the full-year impact of its 2015 acquisitions in terms of cash-flow generation, and will continue with its growth strategy.

The Residential Property Development activity should be impacted in 2016 by the continuation of the Pinel tax incentive programme, the intermediate rental loan (PLI), the expanded interest-free loan and low interest rates. The Commercial Property activity, supported by a *backlog* which increased by 65%, should start to have an appreciable effect through the office or business premises projects (Ekla, Le Conex, Sky 56, Ivoire and Les Girondins commercial area in Lyon) and public and healthcare facilities projects (Nouméa Hospital and high speed train station in Montpellier).

Thus, in 2016, net current cash flow should grow by around 3%, supported by:

- An increase in the financial occupancy rate in Commercial Property Investment, especially in the Business Parks and in selected office assets (EQHO Tower);
- The full-year impact of the acquisition of 18 clinics by the Healthcare Property Investment division in 2015;
- A positive contribution from Property Development.

All of these actions will be carried out with the objective of an LTV ratio of less than 40%.

The Board of Directors confirms that the dividend policy is now based on the evolution in net current cash flow.

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7. Other items

As he previously announced during the presentation of Icade's strategic plan, Olivier Wigniolle acquired 16,000 Icade shares on the market in January 2016, thus demonstrating his commitment and his confidence in the prospects and potential of the company.

Finally, on 21 December 2015, the Caisse des Dépôts and Groupama announced a project to simplify the shareholder structure. This project is detailed in a separate press release.

ABOUT ICADE

Icade is a French listed real estate investment company (SIIC), a subsidiary of the Caisse des Dépôts and a major player in Greater Paris and territorial development. As a key integrated property player, Icade is capable of providing comprehensive, sustainable and innovative solutions that are tailored to customer needs and to the challenges of tomorrow's cities. Icade is the European leader in office real estate investment and it recorded EPRA Earnings of €273 million in 2015. As of 31 December 2015, its EPRA triple net asset value (NNNAV) stood at €5,383 million, i.e. €73.1 per share.
The text of this press release is available on the Icade website: **www.icade.fr**

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The consolidated financial statements have been audited by the statutory auditors. They are ***available on the following website*****:**

In French : *http://www.icade.fr/finance/resultats-publications/resultats-comptes*

In English : *http://www.icade.fr/en/finance/results-and-publications/results-and-accounts*

André Martinez, Chairman of the Board, **Olivier Wigniolle**, CEO of Icade, and **Victoire Aubry**, CFO, **will present the 2015 full-year results to the analysts on 23 February 2016 at 8:30 am**.

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The presentation will be available on the following website:

In French : http://www.icade.fr/finance/resultats-publications/presentations-financieres

In English : http://www.icade.fr/en/finance/results-and-publications/financial-presentations

Live webcast with synchronised slides will be accessible from 8:00 am (Paris time) on the website, via the following link:
In French : ***http://edge.media-server.com/m/go/icadeFY2015/lan/fr***
Conference ID : SFAF Icade French : ***6042455***

In English : ***http://edge.media-server.com/m/go/icadeFY2015/lan/en***

Conference ID: SFAF Icade English: ***6711304***

APPENDIX

31 December 2015

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1. NET PROFIT/(LOSS) AND CASH FLOW

1.1. Simplified consolidated income statement

	31/12/2015			31/12/2014 Restated			
(in millions of euros)	Current	Non-current	Total	Current	Non-current	Total	Change
Revenue	1,439.7		1,439.7	1,718.3		1,718.3	(16.2%)
Income from operating activity	1,443.3		1,443.3	1,722.0		1,722.0	
Purchases used	(717.5)		(717.5)	(956.3)		(956.3)	
Outside services	(97.3)		(97.3)	(108.4)		(108.4)	
Tax, duty and similar payments	(11.1)		(11.1)	(12.5)		(12.5)	
Personnel charges, profit sharing and share incentive scheme	(108.5)		(108.5)	(120.5)		(120.5)	
Other business-related charges	(7.5)		(7.5)	(4.6)		(4.6)	
Charges on operating activities	(941.9)		(941.9)	(1,202.2)		(1,202.2)	
EBITDA	501.5		501.5	519.7		519.7	(3.5%)
Depreciation charges net of investment grants		(281.8)	(281.8)		(273.5)	(273.5)	
Charges and reversals related to impairment on tangible, financial and other current assets		(310.2)	(310.2)		(5.5)	(5.5)	
Profit/(loss) on acquisitions		(0.3)	(0.3)				
Profit/(loss) from disposals		129.2	129.2		99.1	99.1	
Impairment on goodwill and intangible assets		0.1	0.1		(0.8)	(0.8)	
Share in profit/(loss) of equity-accounted companies	13.9	(22.3)	(8.4)	12.7	(6.5)	6.2	
OPERATING PROFIT/(LOSS)	515.4	(485.4)	29.9	532.5	(187.3)	345.2	(91.3%)
Cost of gross debt	(133.2)		(133.2)	(149.6)		(149.6)	
Net income from cash and cash equivalents, related loans and receivables	9.2		9.2	18.6		18.6	
Cost of net debt	(123.9)		(123.9)	(131.0)		(131.0)	5.4%
Adjustment to the value of derivatives and other discounting (ORNANEs)		2.2	2.2		(5.3)	(5.3)	
Other financial income and financial charges	(4.4)	(0.0)	(4.4)	(4.4)	(0.0)	(4.4)	
FINANCIAL PROFIT/(LOSS)	(128.3)	2.2	(126.1)	(135.4)	(5.3)	(140.7)	10.4%
Profit tax	(27.3)	(36.2)	(63.5)	(31.9)	(0.3)	(32.3)	
Profit/(loss) from discontinued operations	(1.5)	(19.0)	(20.5)	2.0	(1.4)	0.6	
NET PROFIT/(LOSS)	358.3	(538.5)	(180.2)	367.2	(194.3)	172.8	N/A
Profit/(loss): share of non-controlling interests	58.2	(30.8)	27.4	49.2	(27.9)	21.3	
NET PROFIT/(LOSS) GROUP SHARE	300.1	(507.7)	(207.6)	317.9	(166.4)	151.5	N/A
Average number of diluted shares in circulation used in the calculation			73,737,524			73,735,312	
NET PROFIT/(LOSS) GROUP SHARE (in euros per share after dilution)	€4.07	(€6.88)	(€2.81)	€4.31	(€2.26)	€2.05	

1.2. Net current cash flow - Group

The Group net current cash flow reached 300.1 million euros (4.07 euros/share) as at 31 December 2015, versus 317.9 million euros as at 31 December 2014 (4.31 euros/share), corresponding to a decrease 0f 5.6%.

(in millions of euros)	31/12/2015	31/12/2014 Restated	Change
EPRA earnings - Commercial Property Investment	199.6	208.8	(4.4%)
EPRA earnings - Healthcare Property Investment	73.3	61.1	20.1%
EPRA earnings - Property Investment	273.0	269.9	1.2%
Net current cash flow - Property Development	20.3	41.1	(50.5%)
Net current cash flow - Other (1)	6.8	7.0	(3.1%)
Net current cash flow - Group	**300.1**	**317.9**	**(5.6%)**
(in euros per share)			
EPRA earnings from Property Investment	€3.70	€3.66	1.1%
Net current cash flow - Group	€4.07	€4.31	(5.6%)

(1) The Net Current Cash Flow - Other line includes depreciation not related to investment properties, inter-division operations and net current cash flow from discontinued operations.

The Group net current cash-flow primarily comprises of the following two items:

- "EPRA earnings - Property Investment" measures the cash flow from the activities of commercial property investment and healthcare property investment in accordance with the EPRA recommendations; and
- "Net current cash flow - Property Development" which measures the cash flow from property development activities.

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1.3. Presentation of 2015 segment information and pro-forma 2014

The segment reporting presented corresponds to the organisation of internal reporting set up following the strategic review of the assets and trades of Icade proposed by management. The Commercial Property Investment division, the Healthcare Property Investment division and the Property Development division are three trades distinguished in the segment reporting.

Additionally, the withdrawal from the Services activity has led the Group to present its accounts in accordance with the IFRS 5 standard without distinction in the segment reporting. This activity is now incorporated in the activity of the Commercial Property Investment division which includes the parent company that is the holder of the Services Division.

This new presentation has also been applied to the 2014 comparative segment report.

2. ACTIVITIES AND RESULTS

2.1. Highlights

Governance and Strategic Plan

The General Meeting of 29 April 2015 nominated André Martinez as the Chairman of the Board of Directors for Icade and Mr. Olivier Wigniolle as the CEO of the company.

As part of this new management, Olivier Wigniolle carried out the renewal of a significant part of his executive committee (Comex) in June 2015:

- Victoire Aubry was appointed as a member of Comex in charge of finance, Legal, Systems Information and general means;
- Emmanuelle Baboulin was appointed as a member of Comex, in charge of Commercial Property Investment;
- Françoise Delettre was appointed as a member of Comex, in charge of Healthcare Property Investment;

Finally, on 30 November 2015, the Chairman of the Board and the CEO presented the new strategic plan to the company to be implemented by the year 2019.

Icade, a major player in the commercial property sector, is the fifth largest property investor listed in France; its strategy is also based on a resilient portfolio of healthcare assets and on a development activity.

Its strategic plan over four years is thus based on five elements:

- Withdrawal from the Services activity;
- Improvement in the level of profitability of the housing development activities, at least in line with its main competitors and the development of synergies with the property investment activities;
- Pptimisation of the portfolio of business parks by refocusing on assets offering the best potential for value creation (disposal of certain parks, adaptation of assets to their market environment and improvement of the occupancy rate of "core" assets);
- Continuation of optimisation of profitability in the offices segment via the development pipeline and broadening the investment scope to the main French cities;
- The development of Icade Healthcare leadership in the French market through targeted acquisitions and dynamic management of the assets.

Shareholding structure

The Caisse des Dépôts and Groupama, the two shareholder groups of HoldCo, the majority shareholder of Icade, announced at the end of 2015 a project aiming, as part of their partnership, to simplify Icade's shareholding structure. This simplification would be carried out through a merger by acquisition of HoldCo SIIC by Icade. The absorbed company has no liability and holds no other asset except for its 52% stake in Icade. This project will be submitted to the Extraordinary General Meeting to be held in May 2016, following the Ordinary General Meeting, which will approve the annual accounts.

2015 Activity

Over the year 2015, the Commercial Property Investment division renewed 69 leases with a total area of 168,770 m² including the Axa France leases (57,800 m²) and Thales (22,160 m²) buildings.

The financial occupancy rate of the Commercial Property Investment division improved compared with 31 December 2014 by 4.9 points (86.8%) thanks to the Tour EQHO leases taking effect (KPMG, Air Liquide, Union of Arab and French Banks, and Banque de France). As a reminder, the financial occupancy rate of healthcare investment is 100%. Over all property investment, the financial occupancy rate thus stood at 89.4%.

Regarding the Healthcare Investment division, Icade noted a stability of the average term of its leases compared with 2014 of 8.8 years, influenced by the asset acquisitions taking place over the year.

Over the year 2015, the Property Development division noted a significant improvement of its main physical indicators (Backlog +22%, reservations +6.7%) driven by the effects of the "Pinel" tax measure adopted by the French government at the end of 2014 on the one hand, and by the signings of several off-plan sales of Offices with leading institutional investors, particularly in Lyon (Sky 56, ZAC des Girondins) and also in Lille, Rennes and Paris.

Asset rotation

Investments made in 2015 in Property Investment rose to 965 million euros, including 138 million euros in related to the pipeline of development (Veolia, Millénaire 4), and 739 million euros of investments in the healthcare portfolio; the balance, i.e., 88 million euros, is connected with the maintenance work on the portfolio and support work measures granted to the tenants.

Concerning the investment in the Healthcare portfolio, there was a significant portfolio acquisition transaction of 16 clinics for 606 million euros (including 570 million euros paid out in 2015) has been realised in the fall of 2015 in the scope of the combination of Vedici and Vitalia, which became the Elsan Group.

Moreover, the developments have primarily been based on continuing the work of the Veolia and Millénaire 4 operations. The financial year 2015 also included the delivery of office buildings of over 32,000 m². This included the building "Le Monet" in Saint-Denis in June 2015 (20,700 m² and 275 parking spaces, rented to the SNCF) and the building "Québec" on the Parc de Rungis (11,600 m² and 209 parking spaces, currently being marketed).

The main assets disposals were as follows:

- Millénaire 3: On behalf of the French Ministry of Justice, France Domaine exercised its purchase option on "le Millénaire 3" in March 2015, the date of completion of the building, for an amount of 180.5 million euros through a contract signed in 2012;
- Millénaire 2: In December 2015, Icade sold "le Millénaire 2" building to Deka Immobilien GmbH for 164.7 million euros.

The two transactions above, carried out under very favourable conditions (137 million euros in capital gain), confirm the appeal of the Millénaire Business Park, located north of Paris in the 19th district. Two other major projects are under development at this park: the future head office of Veolia, with 45,000 m² of area which will be delivered in the summer of 2016, and Millénaire 4, with an area of 24,500 m² whose delivery is expected in October 2016.

Concerning the streamlining of the portfolio and the non-strategic assets, the sales concluded in 2015 totalled 30.1 million euros. They primarily centre on the sale of two office buildings located in Evry.

Financing strategy

Standard & Poor's has confirmed, in August 2015, its rating of BBB+ stable outlook on Icade.

In 2015, Icade continued to profit from attractive financing terms with:

- The issue in September 2015 of a new seven year 500 million euros bond with an annual coupon of 1.875%. Financing was raised with a margin of 125 basis points above the benchmark. By largely over-subscribing in this issue, the investors have confirmed their confidence in Icade's credit quality;
- The growth of the outstanding debt of the commercial paper programme from 100 million euros to 303 million euros.

This continuation of optimising liabilities has lowered the average cost of debt to 2.71% in 2015, compared to 3.07% in 2014.

Portfolio

As at 31 December 2015, the value of all the assets increased by 0.4% compared with 2014, but declined by 2.5% on a like-for-like basis.

The value of the Parcs des Portes Nord de Paris improved by 7.5% on a like-for-like basis (excluding the Le Millénaire shopping centre), in line with the trend observed in 2014.

The value of the offices went up by 4.8% on a like-for-like basis compared with 2014, especially thanks to the Tour EQHO (+20.4%) because of the progressive utilisation of the support measures granted to the tenants.

On the other hand, Icade's portfolio has experienced a significant decrease in the valuation of peripheral business parks associated with a repositioning of market rental values and in the increase of economic vacancy.

Tax disputes

On 26 June 2015, the Constitutional Council declared that the provisions of Article 208 C ter of the French General Tax Code comply with the Constitution.

This final decision, with no impact on property valuation, led to confirming the validity of the corrections of the exit tax rate applicable to fractions of taxation spontaneously settled for an amount of 16.8 million euros.

Moreover, Icade and the tax authorities reached an agreement on 18 December 2015 leading to the payment of an additional tax, late penalties and interest in an amount of 14.7 million euros.

Thus, the financial consequences of this accounting verification, which stands at a total amount of 31.5 million euros, are now final and have been accounted for in the accounts for the year ended 31 December 2015 in the income statement in a tax charge account in a counterpart for a tax debt in the liabilities of the balance sheet.

Icade also ended a five-year-old dispute concerning a potential loss of 225 million euros (late fees included).

Events subsequent to the end of the reporting period

Proposed merger by acquisition of HoldCo SIIC by Icade

On 21 December 2015, Caisse des Dépôts (CDC) and Groupama announced a proposal to simplify the structure through which they hold their stakes in Icade, by way of a merger by acquisition of HoldCo SIIC by Icade. HoldCo SIIC holds a 52% stake in Icade and is owned 75% by CDC and 25% by Groupama through Groupama Gan Vie.

Since the only capital assets held by HoldCo SIIC are Icade shares, it is contemplated that for the purpose of calculating the exchange ratio to be used in the merger, the value of HoldCo SIIC shares will be determined based on that of Icade shares. This method will have no impact on the percentage of shares held by Icade's other shareholders.

Mrs Isabelle de Kerviler and Mr Didier Kling were appointed as independent auditors of the merger for the task of preparing a report on the value of the contributed securities and a report on the terms of the merger, including an assessment of the fairness of the proposed exchange ratio. Icade's Board of Directors has appointed an ad hoc committee to supervise the preliminary work being conducted on the proposed merger.

After the merger, CDC would hold a 39% stake in Icade, thereby becoming its largest shareholder and still controlling it under Article L.233-3 of French Commercial Code. As from the date the merger is completed, Icade would no longer be controlled by the public sector.

The merger would also involve the signing between CDC and Groupama of new shareholder agreement relating exclusively to the governance of Icade, and consequently these two shareholders would be acting in concert.

As from the date of completion of the merger, Icade's Board of Directors would consist of 15 members, including 7 appointed among candidates from CDC, 3 among candidates from Groupama and 5 independent directors. Within the Board, each committee would be chaired by an independent director.

Therefore, since it would result in a simplified shareholding structure and improved governance, it seems this merger would be beneficial to Icade.

The information and consultation of Icade's employee representative bodies have been initiated and the merger agreement will be concluded after this procedure is completed.

The merger proposal will be submitted to the approval of Icade's shareholders during a General Meeting, subject to the following conditions precedent being satisfied:

- Authorisation of the transaction leading to Icade no longer being controlled by the public sector (subject to the approval of the French Commission of Holdings and Transfers (CPT));
- Decision by the French Financial Market Authority (AMF) confirming that, in the context of the merger, no buyout offer with squeeze-out needs to be filed in relation to Icade shares (in application of Article 236-6 of the AMF General Regulation);
- Decision by the AMF that the shareholders CDC and Groupama are exempted from filing a buyout offer in relation to Icade shares as a result of the merger or the signing of a new shareholder agreement between CDC and Groupama (in application of Article 234-9 of the AMF General Regulation);
- Confirmation by the Tax Legislation Department (DLF) that the merger is eligible for the preferential treatment referred to in Article 210-A of the French General Tax Code;
- Approval by the Extraordinary General Meeting of shareholders of HoldCo SIIC.

A document (Document E) describing the characteristics of the merger that must be submitted to a vote of the Extraordinary General Meetings of Icade and Holdco SIIC will be filed for registration with the AMF.

This transaction will have no significant impact on Icade's capital structure.

2.2. Outlook

In accordance with the presentation of its new strategic plan created on 30 November 2015, Icade intends to grow the value of its assets from 9 billion euros to 11 billion euros in three years, increase its property development activity to 1.3 billion euros by the end of 2018, and it is aiming for profitability on equity granted at 12% in its Icade property development subsidiary.

In 2016, the company will focus on its six priorities necessary for the implementation of its new strategy:

- Reducing the vacancy rate of its business parks;
- Developing the first synergies between the property investment activity and the property development activity;
- Withdrawing from the services activity;
- Launching the sales of "non-core" business parks;
- Targeting investment opportunities in the main French cities;
- Setting up "aligned" remuneration mechanisms for management;

The 2016 financial year will be marked by large scale operations for Commercial Property Investment: completion in the summer of the future head office of Veolia (45,000 m^2), completion in June and October of the Camille Desmoulins (9,100 m^2 being renovated) and Millénaire 4 buildings (24,500 m^2). Healthcare Property Investment will continue its policy of development and acquisition.

The housing Property Development activity should recover in 2016 with the momentum seen in the French regions. Commercial Property investment, carried by a backlog increase of 65%, should start to produce its effects through the offices projects or local activity (Panorama T6 located in the Zac Paris Rive gauche; Ekla and Le Conex in Lille, Sky 56, Ivoire and RTE in Lyon) and public and healthcare facilities (Nouméa Hospital and the Gare TGV de Montpellier high speed train station).

Thus, in 2016, the EPRA earnings from Property Investment should be growing, buoyed by:

- an increase in the financial occupancy rate in Commercial Property Investment, especially the business parks and in certain office assets (Tour Eqho);
- the growth in the number of Healthcare Property Investment clinics (87 establishments by the end of 2015 versus 71 in 2014);
- maintenance of the LTV at a comfortable level and stabilisation in the average cost of debt through an effective hedging policy.

With a positive contribution from the Property Development business, the Net Current Cash Flow - Group for 2016 should also be growing compared with 2015.

2.3. Property Investment Division

The Property Investment Division consists of the following activities:

- The Commercial Property Division, which is composed of strategic assets (Offices, Business Parks). A residual portfolio of non-strategic assets, such as warehouses and dwellings should also be noted (163 million euros of value as at 31 December 2015, or 2.2% of the portfolio of the Commercial Property Division).
- The Healthcare Property Division, which is made up mainly of Medical Surgery Obstetrics clinics (MCO) and of After-care and Re-adaptation clinics (SSR)

EPRA earnings from Property Investment therefore totalled 273.0 million euros as at 31 December 2015, up 1.2% compared to 2014.

	31/12/2015			31/12/2014 Restated		
(in millions of euros)	Property Investment (EPRA)	Non recurring (1)	Total Property Investment	Property Investment (EPRA)	Non recurring (1)	Total Property Investment
RENTAL INCOME	557.0	-	557.0	556.0	-	556.0
Property expenses	(2.1)	-	(2.1)	(2.4)	-	(2.4)
Rental charges not recovered	(33.3)	-	(33.3)	(33.2)	-	(33.2)
Charges on buildings	(3.0)	-	(3.0)	(3.7)	-	(3.7)
NET RENT	518.6	-	518.6	516.6	-	516.6
Margin (net rents/rental income)	*93.1%*	*0.0%*	*93.1%*	*92.9%*	*0.0%*	*92.9%*
Net functioning costs	(48.6)	-	(48.6)	(51.4)	-	(51.4)
Profit/(loss) from other activities	1.7	-	1.7	0.4	-	0.4
EBITDA	471.7	-	471.7	465.7	-	465.7
Amortisation and impairment of operating assets	(9.2)	(16.8)	(26.0)	(8.0)	(6.3)	(14.3)
Depreciation and impairment of investment properties	-	(565.4)	(565.4)	-	(264.3)	(264.3)
Profit/(loss) on acquisitions	-	(0.3)	(0.3)	-	-	-
Profit/(loss) from disposals	-	128.5	128.5	-	98.6	98.6
Impairment on acquisition differences	-	-	-	-	-	-
Share in profit/loss of equity-accounted companies	4.6	(22.6)	(18.0)	5.1	(6.6)	(1.4)
OPERATING PROFIT/(LOSS)	467.1	(476.6)	(9.5)	462.8	(178.5)	284.2
Cost of gross debt	(133.0)	-	(133.0)	(149.5)	-	(149.5)
Net income from cash and cash equivalents, related loans and receivables	8.6	-	8.6	15.6	-	15.6
Cost of net debt	(124.4)	-	(124.4)	(133.9)	-	(133.9)
Adjustment to the value of derivatives and other discounting (ORNANEs)	-	2.2	2.2	-	(5.3)	(5.3)
Other financial income and financial charges	(4.6)	(0.0)	(4.6)	(5.1)	0.0	(5.1)
FINANCIAL PROFIT/(LOSS)	(129.0)	2.2	(126.8)	(139.0)	(5.3)	(144.3)
Corporate income tax	(8.7)	(37.0)	(45.7)	(6.9)	(0.2)	(7.1)
Profit/(loss) from discontinued operations	-	(20.5)	(20.5)	-	0.6	0.6
NET PROFIT/(LOSS)	329.4	(532.0)	(202.6)	316.9	(183.3)	133.6
Net profit/(loss) – Share of non-controlling interests	*56.4*	*(30.8)*	*25.6*	*47.0*	*(27.8)*	*19.2*
NET PROFIT/(LOSS) - GROUP SHARE	273.0	(501.2)	(228.2)	269.9	(155.5)	114.4

(1) The "Non-recurring" column includes the depreciation allowance of the investment properties, the profit/(loss) of disposals, the conversion to fair value of financial instruments and ORNANEs, net profit/(loss) from discontinued operations and other non-recurring items.

2.3.1. Property Development division

Portfolio presentation

The assets of Icade's Property Investment Division represent close to 2.1 million m² of leasable floor space. It is primarily composed of offices and business parks. Finally, Icade owns a residual number of non-strategic assets, such as warehouses and dwellings.

Portfolio breakdown in leasable surface areas

	Strategic assets					
(in m²)	Business parks	Offices	Sub-total	Warehouses	Total	Share in total
Paris	115,730	17,174	132,904		132,904	6.5%
La Défense/Near La Défense	86,587	270,598	357,185		357,185	17.3%
Other Western Crescent	62,746	75,006	137,752		137,752	6.7%
Inner Ring	361,595	133,500	495,095		495,095	24.0%
Outer Ring	797,921	23,997	821,918	15,915	837,833	40.7%
Regional	-	30,993	30,993	67,225	98,218	4.8%
COMMERCIAL PROPERTY INVESTMENT	**1,424,579**	**551,268**	**1,975,847**	**83,140**	**2,058,987**	**100.0%**
Share in total	69.2%	26.8%	96.0%	4.0%	100.0%	

Strategic assets portfolio

Portfolio description

- Offices

Icade is the owner of office buildings (total floor space of 612,000 m² including 60,700 m² being renovated) mainly in La Défense, in the Western Crescent and in Villejuif.

In 2015, Icade completed a building in Saint Denis (Monet) of 20,570 m² leased entirely to the SNCF.

On the other hand, Icade sold two office buildings in Evry for a total area of 18,780 m².

- Business parks

Additionally, Icade holds business parks located in Paris (19th district), Saint-Denis, Aubervilliers, Rungis, Nanterre-Seine, Paris-Nord, Colombes, Cergy, Antony, Evry, Villebon and Fresnes, i.e., 1,536,870 m² including 112,290 m² being renovated (corresponding to 1,424,579 m² of rentable surface area). The business parks stand out for their high organic development potential. This is why the Commercial Property Investment Division is concentrating a significant proportion of its medium-term investments in this segment, both for the refurbishment and the construction of office assets and also in terms of development of products and associated services to offer a complete range to users and to thus contribute to the attractiveness of the region. This business is a future cash flow generator and a significant value creator.

In 2015, Icade sold two buildings on the Parc des Portes de Paris, the Millénaire 2 (28,400 m²) and the Millénaire 3 on its completion (32,000 m²).

Non-strategic assets portfolio

In 2015, Icade continued its policy of refocussing its activities on strategic assets, proceeding with the sale of the Béziers warehouse (5,610 m²) and 62 housing units.

Thus, Icade still residually holds warehouses and dwellings.

Market context (source: CB Richard Ellis, BNP Paribas Real Estate)

Investment in business real estate

In 2015, the investments in business real estate in France totalled 23.4 billion euros. This performance followed a strong recovery in the fourth quarter and continued more widely in the second half year with over 16 billion euros, allowing a return to the same level of investment as in 2014.

The segment of transactions greater than 500 million euros has strongly declined (three transactions carried out) and represents 11% of the volume invested compared with 29% in 2014 because of the short supply of large-scale operations, particularly in shops. On the other hand, the segment of operations of 100 million and 200 million euros advanced significantly upward, from 20% of the exchanges in 2014 to 28% in 2015, attesting to the strength found for this volume of transactions carried out.

The offices have concentrated 72% of volumes exchanged with 17 billion euros, while commercial property performed with close to 4.3 billion euros, representing around 18% of the total. Finally, investment in industrial and logistical property reached 9% of the total for 2.1 billion euros.

The market of off-plan office sales stagnated (2.2 billion euros) and even declined in terms of area transacted in spite of the almost doubling of volumes in speculative investments, which were weighted at 45% of the total.

Offices:

The Parisian prime rate of return settled at 3.25% for offices and is now situated below London's on average at 3.50%.

In 2015, the "prime" rental rate of return continued to compress. This decline, observed over three years, concerns all of the sectors in Ile-de-France. For each of its sectors, the margins results in 4.65% and 5.75% for La Défense, 3.75% and 7.00% for the Western Crescent, 4.50% and 8.50% in the inner ring and 5.65% and 11.00% in the outer ring. Last, in the provinces, the rates of return range between 4.80% and 7.50% according to the case (in decline for Aix/Marseille, Lyon, Strasbourg, stable for Lille, Toulouse and increasing for Nantes).

In spite of historically low returns, the rate differential with the 10-year government bond, under 1% (end of December 2015), still offers an elevated appeal for office property, the difference between the "prime" Paris QCA offices is close to 230 basis points.

Paris continues to record good performance, with one transaction out of two being conducted on the western Paris area market in 2015.

The average "prime" rent in Paris Centre West totalled 724 euros/m²/year excluding taxes and charges, versus 687 euros/m²/year excluding taxes and charges in 2014. In La Défense, in three months, it maintained at 467/ euros/m²/year excluding taxes and charges, versus 498 euros/m²/year excluding taxes and charges in 2014. The Western Crescent posted at 458 euros/m²/year excluding taxes and charges, versus 459 euros/m²/year excluding taxes and charges in 2014.

Support measures advanced little but remain consequential, on average 20% of the face rent in Île-de-France for transactions greater than 1,000 m² with disparities from one sector to another. They range from 16% in Paris QCA (or below for certain Paris neighbourhoods), to 27% for La Défense, 18% Rive Gauche of Paris and Inner Ring North, 22% Boucle Sud and Outer Ring and 25% Inner Ring South.

Take-up of offices in Île-de-France totalled 2.2 million m² over all of 2015 (+1% over one year); it was in the fourth quarter that this volume was reached with 708,000 m² due to the dynamic nature of transactions at less than 5,000 m² and to the jump in transactions greater than 5,000 m².

However, over the entire year, areas less than 5,000 m² posted good performance, the highest since 2007, because the large areas are in decline (persistent weakness throughout the year of over 20,000 m²). The demand placed on over 5,000 m² totalled 56 transactions, compared with 63 conducted in 2014, the first Parisian periphery that fared well on this segment of areas, with 25 operations recorded.

Take-up in the Outer Ring stood at 320.000 m² at the end of 2015, i.e. a stable volume over one year, but 20% less than the average long period. With weaker activity recorded since 2000 in the niche > 5,000 m² with six transactions totalling 70,600 m². On the other hand, the share of transactions which were based on local renovations increased significantly in 2015, reaching 35%:

- In the Orly Division: 2015 was an energetic year with take-up ogf 13,100 m² in 2015 (+ 13%) through 26 transactions, a record figure in terms of transactions. A market which nevertheless remains oriented toward small surface areas with 21 signings < 500 m² and none > 5,000 m² since 2012. Rungis had close to 3/4 of the volumes placed (9,460 m²), including the signing of > 3,000 m² of the year (3,600 m² leased in the fourth quarter). Close to half of the transactions were for premises in use;
- In the Roissy Division: After two fairly disappointing years, the demand placed has increased (+10% over one year) with 23,300 m² marketed in 2015. This increase is mainly due to a single transaction > 5,000 m² recorded this year (12,000 m² acquired on its own by ADP in Tremblay). Over the year, 30 transactions were signed (compared with 49 in 2014) 23 of which concerned surface areas < 500 m² and concerned mainly the locations of premises in use. Close to half of the transactions were signed in Roissy in France (12) and Villepinte (11).

Immediate supply decreased by 3% over one year, to 3.9 million m² available as at 1 January 2016. The western Paris area vacancy rate dropped appreciably in Paris, on average 4.5% compared with 5.1% in 2014 and showed a slight decline for Île-de-France, on average 6.9% compared with 7.2% in 2014. The share of new or renovated areas in immediate supply posted at 18% compared with 20% in 2014.

The western Paris area (La Défense and the Western Crescent) presented a vacancy rate greater than 10% and was comprised of 47% of the new and renovated inventory of the region.

In 2015, face rental values were comprehensively stabilised, except for certain assets in "over-offer" areas. The average weighted face rent in Île-de-France for new, restructured or renovated areas stood at 296 euros/m²/year excluding taxes and charges at year-end, which was stable compared with 2014, at 297 euros/m²/year excluding taxes and charges.

The immediate offering in the Outer Ring has continued its growth since the end of 2013 (+6% over one year) with 1.2 million m² available at the end of 2015. If the inventory of surface areas < 1,000 m² remains weak, the inventory > 5,000 m² is increasing with 33 offers totalling 380,000 m², including 11 new or restructured buildings, a performance which allows the weight of new/restructured to increase again. The certain future offering divided by two since mid-2104 with over 146,000 m² expected, due for half of the liberations of surface area in use. The probable future > 5,000 m² remains stable overall to reach 563,000 m².

- In the Orly area: In Q4 2015, the volume of the immediate offering with 81,600 m² available has been strongly increasing over one year (+90%). This increase is due to the completion of three new buildings > 5,000 m², including two in Rungis, which total 60% of the inventory available. A quality offering with five immediate offers > 5,000 m², all concerning new buildings (with the exception of 7,300 m² of renovated Strategic Orly in Rungis). The certain future appears very limited following the delivery of the Askia (16,300 m²) and Québec (11,600 m²) buildings. The probable future represents 91,700 m² and comprises three programmes to start with a projected delivery starting in 2017.
- In the Roissy area: In Q4 2015, the available inventory with 92,100 m² and the vacancy rate at (8.7%) remained stable over one year. This inventory comprises numerous availabilities, especially in the segment of 1,000 m² - 3,000 m² and primarily concerns surface areas in use (71%). There is only one immediate offer > 5,000 m² in use for inventory (7,500 m² of the Rostand in Villepinte). The certain future is very limited with three offers inventoried for 1,000 m² and all < 500 m². Moreover, no certain or probable future offering > 5,000 m² has appeared since 2012.

Key figures at 31 December 2015

EPRA Income statement Commercial Property Investment contribution to the EPRA earnings from Property Investment

	31/12/2015			31/12/2014 Restated		
(in millions of euros)	EPRA earnings Property Investment	Non recurring (1)	Total Property investment Commercial	EPRA earnings Property Investment	Non recurring (1)	Total Property investment Commercial
RENTAL INCOME	387.5	-	387.5	414.2	-	414.2
Property expenses	(2.1)	-	(2.1)	(2.4)	-	(2.4)
Rental charges not recovered	(31.2)	-	(31.2)	(31.5)	-	(31.5)
Charges on buildings	(2.3)	-	(2.3)	(3.7)	-	(3.7)
NET RENT	351.8	-	351.8	376.6	-	376.6
Margin (net rents/rental income)	*90.8%*	*0.0%*	*90.8%*	*90.9%*	*0.0%*	*90.9%*
Net functioning costs	(38.4)	-	(38.4)	(42.8)	-	(42.8)
Profit/(loss) from other activities	1.7	-	1.7	0.4	-	0.4
EBITDA	315.1	-	315.1	334.2	-	334.2
Amortisation and impairment of operating assets	(9.2)	(16.8)	(26.0)	(8.0)	(6.3)	(14.3)
Depreciation and impairment of investment properties	-	(488.7)	(488.7)	-	(200.9)	(200.9)
Profit/(loss) on acquisitions	-	-	-	-	-	-
Profit/(loss) from disposals	-	122.5	122.5	-	98.6	98.6
Impairment on acquisition differences	-	-	-	-	-	-
Share in profit/(loss) of equity-accounted companies	4.6	(22.6)	(18.0)	5.1	(6.6)	(1.4)
OPERATING PROFIT/(LOSS)	310.6	(405.6)	(95.1)	331.3	(115.1)	216.2
Cost of gross debt	(122.4)	-	(122.4)	(139.2)	-	(139.2)
Net income from cash and cash equivalents, related loans and receivables	23.6	-	23.6	28.4	-	28.4
Cost of net debt	(98.8)	-	(98.8)	(110.8)	-	(110.8)
Adjustment to the value of derivatives and other discounting (ORNANEs)	-	2.0	2.0	-	(4.6)	(4.6)
Other financial income and financial charges	(3.6)	(0.0)	(3.6)	(4.9)	0.0	(4.8)
FINANCIAL PROFIT/(LOSS)	(102.4)	2.0	(100.4)	(115.6)	(4.6)	(120.2)
Corporate income tax	(8.5)	(37.0)	(45.5)	(6.9)	(0.2)	(7.0)
Profit/(loss) from discontinued operations	-	(20.5)	(20.5)	-	0.6	0.6
NET PROFIT/(LOSS)	199.6	(461.1)	(261.5)	208.8	(119.2)	89.6
Net profit/(loss) – Share of non-controlling interests	-	-	-	-	-	-
NET PROFIT/(LOSS) - GROUP SHARE	199.6	(461.1)	(261.5)	208.8	(119.2)	89.6

(1) The "Non-recurring" column includes the depreciation allowance of the investment properties, the profit/(loss) of disposals, the conversion to fair value of financial instruments and ORNANEs, net profit/(loss) from discontinued operations and other non-recurring items.

Trend in rental income in the Commercial Property Investment Division

(in millions of euros)	31/12/2014 restated	Acquisitions/ Deliveries	Disposals/ renovations	Indexing	Activity rental	31/12/2015	Change on a like- for-like basis
France Offices	171.7	5.3	(12.2)	0.5	2.8	168.1	1.9%
Business parks	215.8	2.3	(5.7)	0.3	(4.8)	207.8	(2.1%)
STRATEGIC ASSETS	387.5	7.7	(17.9)	0.7	(2.0)	375.9	(0.3%)
Non-strategic assets	32.7	0.0	(15.4)	(0.0)	0.2	17.4	0.6%
Intra-group Property Investment businesses	(5.9)		-	-	(0.0)	(5.8)	0.7%
RENTAL INCOME	414.2	7.7	(33.3)	0.7	(1.9)	387.5	(0.3%)

Rental income generated by the Commercial Property Investment Division during the financial year 2015 accounts for 387.5 million euros, i.e., a decrease of 26.7 million euros in rent compared to 2014 (-6.4%).

On a like-for-like basis, rental income is slightly down (-0.3%).

- Changes in scope of consolidation: -25.6 million euros
  - i.e., 7.7 million euros in additional rent related to acquisitions and completed buildings including:
    - 7.0 million euros for buildings completed in 2014-2015 entirely rented (the Sisley and Monet buildings in Saint-Denis and the Brahms building in Colombes);
    - 0.7 million euros for renovations returned to operation,
  - Asset disposals led to a decrease in rental income of 24.3 million euros, including 15.4 million euros for non-strategic assets for (Germany, shops, warehouses and dwellings) and 8.9 million euros for mature strategic assets;
  - Renovations were accompanied by a loss of rental income of 9.0 million euros.
- Like-for-like basis: - 1.2 million euros
  - The variation of the I.C.C. indices (index of the cost of new construction) and the I.L.A.T. (index of rents from commercial property development) led to an increase in revenue of 0.7 million euros.
  - Meanwhile, rental activity presents a negative net balance of 1.9 million euros, which breaks down as follows:
    - -9.8 million euros for several rent re-negotiations on AXA France leases in Nanterre-Prefecture, E.R.D.F. in La Défense and Thales in Rungis for an increase in the lengths of the leases;
    - +5.1 million euros for the flow of entries and exits, including:
      - +10.5 million euros on offices positively impacted by the leases coming into effect in the Tour EQHO;
      - -5.4 million euros on business parks, mainly on the Parc de Rungis following the exit of the Mondelez tenant in 2014.
    - +2.8 million euros for leases arriving at the end of the fixed terms for which there is no more excess payments and recovery of linearised inventory accounted for in 2014.

Net rental income from the Commercial Property Investment Division for the year 2015 totalled 351.8 million euros, i.e., a margin rate of 90.8%, stable compared to 2014 (-0.1 point).

	31/12/2015		31/12/2014 Restated	
(in millions of euros)	Net rental income	Margin	Net rental income	Margin
France Offices	157.5	93.7%	158.7	92.4%
Business parks	179.8	86.5%	191.8	88.9%
STRATEGIC ASSETS	337.3	89.7%	350.5	90.5%
Non-strategic assets	8.9	51.0%	21.8	66.6%
Intra-group Commercial Property Investment	5.7		4.4	
NET RENT	351.8	90.8%	376.6	90.9%

The recovery rate of Offices improved by 1.3 points following the increase in occupancy, particularly in the Tour EQHO. Conversely, the recovery rate for the business parks declined by 2.3 points after accounting for exceptional provisions related to a dispute concerning the eviction of a tenant.

The efforts carried out on the **net functioning costs** of the Commercial Property Investment division (decreasing 9.0% compared with 2014) have allowed compensating in part for the net rent of 4.4 million euros.

But this is mainly due to the **financial profit/(loss)** that the Commercial Property Investment Division reversed in the year 2015, degraded by its leasing activity. In fact, the financial profit/(loss) as at 31 December 2015 totalled -100.4 million euros versus -120.2 million euros as at 31 December 2014. This variation is explained by the drop in the average cost of debt between 2014 and 2015 (36 basis points) and by a positive impact on the variation of fair value of the ORNANEs (4.7 million euros).

Thus, after accounting for the items above, **EPRA Earnings from Commercial Property Investment** reached 199.7 million euros (2.71 euros/share) as at 31 December 2015, versus 208.8 million euros as at 31 December 2014 (2.83 euros/share).

The other items having constituted the net income attributable to owners of the Company from the Commercial Property Investment division total net charge of 461.1 million euros and comprised mainly:

- **Depreciation and impairment of the investment properties** in the amount of -488.7 million euros. In fact, the negative changes in value of the peripheral business parks that constitute a difficult market environment (decrease in market rental values, increase in vacancy linked to economic climate), have generated net provisions for impairment in the amount of 291.6 million euros. The balance corresponds to the depreciation charges of the year for 197.1 million euros (see Chapter of Net Assets Value);
  - The **profit/(loss) from disposals** of 122.5 million euros related mainly to the sales of Millénaire 2 and Millénaire 3;
  - The **tax charge on the profit/(loss)** from the Commercial Property Investment division as at 31 December 2015 totalled -45.5 million euros, an increase of 38.5 million euros compared with 31 December 2014 (including 37.0 million euros in non-recurring taxes that do not impact the EPRA earnings from Property Investment).

  This change is explained primarily by the recognition in 2015 of an exceptional tax debt of 31.5 million euros in order to definitively end a tax dispute dating back to 2010 and which implied an overall maximum risk of 225 million euros for Icade.
- The **profit/(loss) from discontinued operations** as at 31 December 2015 totalled - 20.5 million euros versus 0.6 million euros as at 31 December 2014.

  The strategic plan, validated by the Board of Directors meeting on 24 November 2015, includes the withdrawal from the Service activity, which led to a review of the presentation of accounts for this activity pursuant to IFRS 5. This activity is now incorporated in the profit/(loss) from discontinued operations and grouped in the commercial property investment activity, which includes the parent company which is the holder of the services division.

Considering the items above, **net income attributable to owners** of the Company from the Commercial Property Investment division reached -261.5 million euros as at 31 December 2015 versus 89.6 million euros as at 31 December 2014.

Rental activity from the Commercial Property Investment Division

	31/12/2014	2015 Movements		31/12/2015
Classes of assets	Leased space *(m²)*	Entries *(m²)*	Departures *(m²)*	Leased space *(m²)*
France Offices	469,119	96,510	71,468	494,161
Business parks	1,215,288	76,409	107,916	1,183,781
STRATEGIC ASSETS	1,684,407	172,919	179,384	1,677,942
Warehouses	68,382	12,326	16,588	64,120
COMMERCIAL PROPERTY INVESTMENT	1,752,789	185,245	195,972	1,742,062

New leases taking effect on 185,245 m² including 20,570 m² for changes in scope (the SNCF lease took effect in the Monet building delivered in June 2015).

The main entries in the continuous portfolio concern the following areas:

- 63,800 m² leased in the Tour EQHO (KPMG, Air Liquide, Banque de France, U.B.A.F. leases);
- 5,020 m² leased to QVC in the Gardinoux building in the Parc des Portes de Paris;
- 4,350 m² leased to the General Council of Hauts de Seine in the Défense 2 building in Nanterre;
- 3,400 m² leased to Lapeyre in the Parc du Mauvin.

Departures focused on 195,972 m² including 42,964 m² for changes in scope (including disposals of the Champs and European buildings in Evry and the Millénaire 2 building in the Parc du Millénaire).

The main exits on a like-for-like basis for the offices (55,020 m²) were from 34,540 m² in areas due to be renovated or sold:

- 17,600 m² related to the AXA exit from the Défense 456 building in Nanterre Prefecture; this building will be renovated;
- 9,060 m² related to the Coca-Cola exit from the Camille Desmoulins building; this building is being renovated for a return to operation in the second half of 2016;
- 5,800 m² related to the exit of General Council of Hauts de Seine in the Reflet Défense building, which is intended to be sold;
- 2,085 m² related to the Complétel exit from the Défense 1 building in Nanterre Prefecture, which is slated to be demolished in view of the Campus Défense project.

For the business parks, the number of tenant departures during the financial year stood at a significant 81,400 m², including 9,089 m² of business premises to be renovated. The main departures were as follows:

- 6,330 m² related to the exit of Embraer from the Edington building in the Parc de Paris-Nord 2;
- 4,400 m² related to the exit of Thalès from the Strasbourg building in the Parc de Rungis;
- 3,850 m² related to the exit of Precilec from the Gardinoux building in the Portes de Paris;
- 3,530 m² related to the exit of Orange from the Manille building in the Parc de Rungis;

In 2015, Icade signed 156 leases for an area of 107,250 m², representing 19.4 million euros in annualised face rents including 95,030 m² in the strategic portfolio (19.1 million euros). The parks activity has been particularly buoyed with the signing of 75,780 m², up 28% (58,960 m²) compared with 2014. This increase was particularly significant in the Parc de Rungis (20,790 m² in 2015 compared with 8,420 m² in 2014).

The main signings revolved on the marketing of:

- Four leases (U.B.A.F., Mersen, KPMG and Celgene) in the Tour EQHO for 11,150 m², thus bringing the occupancy rate to 90.2% including 7,430 m² that will take effect in 2016;
- 8,580 m² leased to AMP Visual TV in the Parc des Portes de Paris effective 5 January 2016;
- 4,410 m² leased to Grand Paris Aménagement in the Parc du Pont de Flandre effective 2 January 2017;
- 4,345 m² leased to the General Council of Hauts de Seine effective 1 June 2015;
- 4,000 m² leased to Corsair in the Parc de Rungis effective 1 October 2016;
- 3,400 m² leased to Lapeyre in the Parc du Mauvin effective 1 July 2015.

The renewals on 69 leases representing a total area of 168,770 m² and an annualised face rent of 42.5 million euros for an average fixed term of 6.2 years. It should be noted that three leases represent close to 70% of these renewals in terms of rents:

- The AXA France lease (57,800 m²) in the Axe buildings 14/15/16 in Nanterre Prefecture has been renewed with a fixed term of nine years;
- The Thales lease (22,160 m²) in the Genève building in the Parc de Rungis has been renewed with a fixed term of six years;
- The Entrepose Group leases (9,510 m²) in the Armstrong, Hampton and Gerschwin buildings in the Parc de Colombes have been renewed with an average fixed term of five years.

Considering these movements, **the average fixed term of the leases** is 4.2 years and is up by 0.5 years compared with 2014 (3.7 years).

As at 31 December 2015, the 10 largest tenants accounted for total annual rents of 129.3 million euros (35% of annual rents from the assets).

Financial occupancy rate and average term of the leases

The **financial occupancy rate** at 86.8% as at 31 December 2015 is up 4.9 points in comparison to 31 December 2014 (81.9%).

This improvement is primarily taken from the good performance of the offices because of the leases that took effect in 2015 (KPMG, Air Liquide, Union of Arab and French Banks) in the Tour EQHO.

Classes of assets	Financial occupancy rate (in %)[2] 31/12/2015	31/12/2014	Variation on a like-for-like basis[1]	Average term of the leases (in years)[2] 31/12/2015	31/12/2014
Offices	90.2%	80.3%	+9.6 pt	5.7	4.3
Business parks	84.1%	83.1%	+0.9 pt	2.9	3.1
STRATEGIC ASSETS	86.9%	81.9%	+4.7 pt	4.2	3.7
Warehouses	82.7%	81.8%	+0.9 pt	1.7	2.6
COMMERCIAL PROPERTY INVESTMENT	86.8%	81.9%	+4.6 pt	4.2	3.7

(1) Excluding deliveries, acquisitions and sales of the period
(2) In proportion to stake in the assets

Schedule of leases per business in annual rents (in millions of euros)

	Offices France	Parks business	Warehouses	Total	Share in total
2016	14.0	45.7	1.1	60.8	16.2%
2017	18.6	49.4	0.7	68.7	18.3%
2018	24.7	28.6	0.3	53.5	14.3%
2019	15.9	27.2	0.2	43.3	11.6%
2020	4.5	11.3	0.2	16.0	4.3%
2021	29.2	25.2	-	54.3	14.5%
2022	-	3.1	-	3.1	0.8%
2023	5.5	5.6	-	11.1	3.0%
2024	42.3	3.8	-	46.1	12.3%
>2024	16.1	1.6	-	17.7	4.7%
TOTAL	170.6	201.4	2.5	374.6	100.0%

The risk for leases maturing in 2016 is 60.8 million euros, 75% of which is in the business parks.

The business park users occupy small and medium areas and are committed mainly to 3/6/9 leases, which explains the significant share of break options for the years 2016 to 2019.

Based on the turnover of tenants observed in previous financial years and confirmed in 2015, 20% to 25% of tenants exercise their exit options. Thus, the probability that the greater portion of these tenants do not exercise their exit option is high.

Investments

Total investments over the period amounted to 225.5 million euros.

To finance these investments over the year, Icade used its own cash and lines of corporate financing.

The investments are presented according to the recommendations of the EPRA in distinguishing tenant work, leasing fees and financial costs under the title “others”.

(in millions of euros)	Construction/ Asset restructuring	Other Capex	Other	Total
France Offices	16.5	14.7	30.6	61.8
Business parks	121.2	27.5	8.9	157.6
STRATEGIC ASSETS	137.7	42.2	39.5	219.4
Non-strategic assets	-	6.0	0.1	6.1
COMMERCIAL PROPERTY INVESTMENT	137.7	48.3	39.6	225.5

- ♦ Construction/extensions and renovation of assets (137.7 million euros)

These investments are mainly related to:

- the offices at a level of 16.5 million euros, primarily with the construction expenses on the Saint-Denis building, the Monet delivered in the second quarter of 2015 and pre-marketed to SNCF, the studies on the Campus Défense building in Nanterre Prefecture and the renovation expenses on the Camille Desmoulins building, which is due to be completed in the second half of 2016;
- the business parks at a level of 121.2 million euros, including construction expenses of the Veolia head office (76.2 million euros), the balance of the Millénaire 3 building sold to the Ministry of Justice in March 2015 (44.9 million euros) and the continuation of the work on the Millénaire 4 building (27.1 million euros), which is due to be completed in the fourth quarter of 2016.

- ♦ Other capex (48.3 million euros): They represent primarily the renovation expenses of the business parks (major maintenance and repairs and restoration work of the premises).

- ♦ Other (39.6 million euros): Representing mainly the support measures (tenant work), the costs associated with leasing these assets, and the capitalised financial costs of projects under development.

Development projects

A 978 million euros pipeline including 372 million euros committed.

	Delivery	Pre-marketing	Area	Rents	Yield on Cost [1]	Still to be produced Total	Still to be produced 2016
Véolia (Aubervilliers)	2016	100%	45,000			61.0	61.0
Millénaire 4 (Paris 19)	2016	0%	24,500			49.0	47.9
Open (Camille Desmoulins)	2016	0%	9,100				12.6
PROJECTS LAUNCHED		57%	78,600	29.6	8.0%	110.0	108.9
Pop Up (Saint-Denis)		0%	28,500			105.1	
Ottawa (Rungis)		0%	12,900			39.9	
Campus La Défense (Nanterre)		0%	70,000			346.3	
CONTROLLED PROJECTS		0%	111,400	40.7	6.7%	491.3	
TOTAL			190,000	70.3	7.2%	601.3	108.9

1 YOC =facial rents/ Cost of the project as approved by the authority of Icade's governance. This price includes the book value of the property investment, work budget, the cost of financial porterage and the possible support measures.

Asset disposals

The value of sales made during 2015 was 376.6 million euros, including:

- the sale of two buildings in the Parc du Millénaire in Paris 19:
  - in March 2015, the Millénaire 3 building for 180.5 million euros to the Ministry of Justice, which has exercised its purchase option for a contract signed 29 February 2012;
  - in December 2015, the Millénaire 2 building for 164.7 million euros to Deka Immobilien GmbH.
- the sale of two buildings in Evry, "Champs" and "Européen" for 21.5 million euros;
- non-strategic asset sales for 8.6 million euros (a warehouse in Béziers and 62 homes)
- a land plot in the Parc du Pont de Flandre for 1.3 million euros.

These disposals have triggered a capital gain of 141.8 million euros.

2.3.2. Healthcare Property Investment Division

Portfolio presentation

The property portfolio of Icade's Healthcare Property Investment Division amounts to over 1.3 million m² (Icade share: 0.7 million m²) of leasable floor space. It is mainly comprised of MSO (Medicine Surgery Obstetrics) and SSR (After-care and Rehabilitation) healthcare establishments.

Portfolio breakdown by operator, in leasable surface areas

Geographic region (*in m²*)	Paris	La Défense/ Surrounding area	Other Western Crescent	Inner Ring	Outer Ring	Regional	HEALTHCARE PROPERTY INVESTMENT
Elsan Group (Vedici)					23,684	284,718	308,402
Médipôle Partenaires				3,252		141,467	144,719
Générale de Santé				7,443	47,731	48,403	103,577
Capio						75,244	75,244
Other	2,644					103,663	106,307
TOTAL	2,644	-	-	10,695	71,415	653,495	738,249

Portfolio description

Leader in its market, Icade is a major player in healthcare since 2007 by building up a property portfolio of 87 establishments, featuring:

- assets that are instant cash flow generators;
- initial fixed lease terms of 12 years and a residual term of 8.8 years as at 31 December 2015;
- high rental margin rates (net/gross rent) (> 98%).

For the development and management of Icade Santé, Icade benefits from a team and expertise recognised on the market.

Since the first half of 2012, and in the aim of supporting its growth and to preserve the key balance sheet ratios of the group, Icade Santé successively opened its capital to institutional investors.

Thus, as at 31 December 2015, Icade holds a 56.5% share in Icade Santé.

In October 2015, a new capital increase was carried out for a total of 440 million euros with its historical partners (OPCI Messidor, C-Santé, Holdipierre, MF Santé and SOGECAPIMMO and Icade) to finance the acquisition during the year of 18 health facilities for a total amount of 678.0 million euros.

Market context (Source: Jones Lang Lasalle)

A market of full-fledged assets with a long-term investment horizon

Two types of assets can usually be distinguished on the healthcare real estate market:

- healthcare establishments whether they are short-stay (in medicine, surgery and obstetrics - MCO) or medium-stay (for psychiatric or after care and rehabilitation - SSR);
- medical-social establishments, namely elderly care homes (Housing Establishments of Dependent Elderly Persons or EHPAD), retirement homes (Housing Establishments for Elderly Persons or EHPA) and residence services.

These monovalent assets are of various natures in terms of properties, sometimes with large areas of medical and technical capacities and sometimes mainly housing structures.

The leases signed on these assets are predominantly for a fixed term of 12 years and all the charges are recoverable from the tenants (including major work falling under Article 606 of the French Civil Code). However, since the promulgation of the French Law 2014-626 dated 18 June 2014 on commercial leases (the Pinel law) and the entry into force of the order specifying the law in the matter of distribution of the charges, the major work falling under Article 606 of the French Civil Code is now at the expense of property ownersin new leases signed beginning 5 November 2014. In the scope of externalisations, undertaking of work and guarantees are often covered by the sellers.

A class of assets generating growing interest from numerous investors

Healthcare real estate has long been a niche that gathers few investors or that is narrowly tied to the operators of establishments. Yet, with the research of diversification towards property assets generating stable long-term rents, attractive returns and low risk of vacancy, the interest and the number of players has greatly increased in healthcare property in recent years.

Icade's Healthcare Property Investment division, the market leader specialising in healthcare assets (MCO, SSR and psychiatric facilities), Gecimed (a subsidiary of Gecina), Foncière des Murs (a subsidiary of Property Investment in the Regions) and Cofinimmo (a Belgian REIT) are the historic investors in France. More recently, Eurosic formed a vehicle dedicated to leisure and healthcare assets (Lagune).

Several asset managers who have a need to invest their equity have also developed this segment of the market: BNP PARIBAS (Health Property Fund 1), PRIMONIAL (Primovie), Swiss Life REIM and also La Française and AXA RE.

Finally, international investors already present or not in the healthcare sector are interested in the European market and especially the French market.

The competition is therefore active both in the externalisation market and on sales between investors. Itis accentuated in the asset disposals, which generally provide a minimum size to international investors or new investment vehicles wishing to specialise in healthcare.

Rare products that lead to rate compression

The healthcare real-estate market is now characterised by increased demand from investors. The limited offer of assets a few years ago to externalisations of operators who participate in the concentration of the sector or by the sales of buildings and funds carried out by doctors (primary market) is now developing on a secondary market which is more and more active.

After a positive year 2014 in terms of investment volume (over 620 million euros compared to 450 million euros in 2013), the year 2015 posted an investment volume of over one billion euros invested.

This increase is the reflection of externalisation operations by large operators (Elsan, formerly Vedici and Vitalia, Capio, Médipôle Partners) which were continued in 2016. The disposal of the Gecina healthcare portfolio on the secondary market should mark a turning point in the transactions of healthcare assets.

The current "prime" rate of return (new or excellent condition for establishments nicely positioned in dynamic pools, excluding Paris) stands at about 6.10% to 6.35% for medical, surgery, obstetrician clinics and 5.50% to 5.75% for Housing Establishments of Dependent Elderly Persons (EHPAD). (Source: JLL). These rates of return have been compressing for several months, which means there is a true value potential.

Key figures at 31 December 2015

EPRA Income statement for the Healthcare Property Investment division and contribution to the EPRA earnings - Property Investment

(in millions of euros)	31/12/2015 EPRA earnings Healthcare Property Investment	31/12/2015 Non recurring (1)	31/12/2015 Total Healthcare Property investment	31/12/2014 Restated EPRA earnings Healthcare Property Investment	31/12/2014 Restated Non recurring (1)	31/12/2014 Restated Total Healthcare Property investment
RENTAL INCOME	169.5	-	169.5	141.7	-	141.7
Property expenses	(0.0)	-	(0.0)	-	-	-
Rental charges not recovered	(2.1)	-	(2.1)	(1.7)	-	(1.7)
Charges on buildings	(0.6)	-	(0.6)	0.0	-	0.0
NET RENT	166.8	-	166.8	140.0	-	140.0
Margin (net rents/rental income)	*98.4%*	*0.0%*	*98.4%*	*98.8%*	*0.0%*	*98.8%*
Net functioning costs	(10.2)	-	(10.2)	(8.6)	-	(8.6)
Profit/(loss) from other activities	-	-	-	-	-	-
EBITDA	156.6	-	156.6	131.4	-	131.4
Amortisation and impairment of operating assets	-	-	-	-	-	-
Depreciation and impairment of investment properties	-	(76.7)	(76.7)	-	(63.4)	(63.4)
Profit/(loss) on acquisitions	-	(0.3)	(0.3)	-	-	-
Profit/(loss) from disposals	-	6.0	6.0	-	-	-
Impairment on acquisition differences	-	-	-	-	-	-
Share in profit/(loss) of equity-accounted companies	-	-	-	-	-	-
OPERATING PROFIT/(LOSS)	156.6	(71.0)	85.6	131.4	(63.4)	68.0
Cost of gross debt	(10.7)	-	(10.7)	(10.3)	-	(10.3)
Net income from cash and cash equivalents, related loans and receivables	(14.9)	-	(14.9)	(12.8)	-	(12.8)
Cost of net debt	(25.6)	-	(25.6)	(23.1)	-	(23.1)
Adjustment to the value of derivatives and other discounting (ORNANEs)	-	0.1	0.1	-	(0.7)	(0.7)
Other financial income and charges	(1.0)	-	(1.0)	(0.3)	-	(0.3)
FINANCIAL PROFIT/(LOSS)	(26.6)	0.1	(26.5)	(23.3)	(0.7)	(24.0)
Corporate tax	(0.2)	-	(0.2)	(0.0)	-	(0.0)
Profit/(loss) from discontinued operations	-	-	-	-	-	-
Net profit/(loss)	129.8	(70.9)	58.9	108.1	(64.1)	44.0
Net profit/(loss) – Share of non-controlling interests	56.4	(30.8)	25.6	47.0	(27.9)	19.1
NET PROFIT/(LOSS) - GROUP SHARE	73.3	(40.0)	33.3	61.1	(36.2)	24.8

(1) The "Non-recurring" column groups the depreciation allowance of the investment properties, the profit/ (loss) of disposals, the conversion to fair value of financial instruments and ORNANEs and other non-recurring items.

Rental income from the Healthcare Property Investment Division

(in millions of euros)	31/12/2014 restated	Acquisitions/ Deliveries	Disposals/ renovations	Indexing	Activity rental	31/12/2015	Change on a like-for-like basis
RENTAL INCOME	141.7	27.9	(0.5)	0.4	(0.0)	169.5	0.3%

Rental income generated by the Healthcare Property Investment Division during the financial year 2015 accounts for 169.5 million euros, i.e., an increase of 27.8 million euros in rent compared to 2014 (+19.6%).

On a like-for-like basis, rental income is up 0.3% under the indexing effect.

The changes in scope amount to 27.4 million euros, including:

- + 25.8 million euros in additional rent related to acquisitions in 2014 and 2015
- + 2.1 million euros following the extension of work on the clinics in operation
- - 0.5 million euros for the disposal of the Renaison clinic

Net rent from the Healthcare Property Investment Division for the year 2015 totalled 166.8 million euros, i.e., a margin rate of 98.4%, a slight decline compared to 2014 (-0.4 point).

	31/12/2015		31/12/2014 Restated	
(in millions of euros)	Net rental income	Margin	Net rental income	Margin
NET RENT	166.8	98.4%	140.0	98.8%

The **financial profit/(loss)** of the Healthcare Property Investment Division as at 31 December 2015 totalled -26.5 million euros versus - 24.0 million euros as at 31 December 2014. This variation is primarily explained by the increase in debt related to asset acquisitions taking place in 2015.

The **share of non-controlling interests** of the Healthcare Property Investment Division stood at -25.6 million euros compared with -19.1 million euros related to the improvement of the net profit/(loss). It corresponds to the share of minority holders (43.49% of capital) of Icade Santé as at 31 December 2015.

After accounting for the items above, **EPRA Earnings from Healthcare Property Investment** reached 73.3 million euros (0.99 euro/share) as at 31 December 2015, versus 61.1 million euros as at 31 December 2014 (0.83 euro/share).

The other items having constituted the net income attributable to owners of the Company from the Healthcare Property Investment division total a net charge of 40.0 million euros compared to 36.2 million euros as at 31 December 2014.

Thus, considering the items above, **net income - group share** from the Healthcare Property Investment division reached 33.3 million euros as at 31 December 2015 versus 24.8 million euros as at 31 December 2014.

2.3.2.1. Rental activity from the Healthcare Property Investment Division

The **financial occupancy rate** is 100% as at 31 December 2015 remined unchanged from 31 December 2014. The clinics also have a physical occupancy rate of 100%.

The average fixed term of the leases is 8.8 years and was stable compared with 2014. The acquisition of 16 clinics from Eslan whose leases have a residual term of close to 12 years has allowed this rate to be reinforced.

	Financial occupancy rate *(in %)*[2]			Average term of the leases *(in years)*[2]	
Classes of assets	31/12/2015	31/12/2014	Variation on a like-for-like basis[1]	31/12/2015	31/12/2014
HEALTHCARE PROPERTY INVESTMENT	100.0%	100.0%	+0.0 pt	8.8	8.8

(1) Excluding deliveries, acquisitions and sales of the period

(2) In proportion to stake in the assets.

Schedule of leases per division, in annual rents (in millions of euros)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	>2024	Total
HEALTHCARE PROPERTY INVESTMENT	0.3	-	-	5.5	27.0	6.8	4.3	31.3	41.9	86.6	203.7

Investments

(in millions of euros)	Asset Acquisitions	Construction/ Asset restructuring	Other Capex	Other	Total
HEALTHCARE PROPERTY INVESTMENT	696.4	42.1	0.5	0.3	739.3

To finance its investments over the year, the Healthcare Investment division used its own cash and lines of corporate financing and increases in capital conducted with institutional investors.

The investments totalled 739.3 million euros including 696.4 million euros for acquisitions.

In 2015, Icade acquired:

- 18 clinics, for 678 million euros, producing immediate cash flow and secured over 12 years:
  - 16 clinics from the Elsan Group. A significant acquisition transaction of 606 million euros (including 570 million euros paid out in 2015) was materialised in the fall of 2015 in the scope of the Vedici and Vitalia merger, which became the Elsan Group.
  - The Claude Bernard clinic in Albi in March 2015 from the operator Medipole Partenaires Estrée clinic in Stains in July 2015 from the Elsan Group (Vedici). The total amount of the two acquisitions stood at 107.4 million euros.
- A land from the Capio group, with an area of 7.5 hectors in the south east of Toulouse to build a 30,500 m² clinic. A BEFA (off-plan lease) with a fixed lease term of 12 years was signed with the Capio group. The work was launched in January 2016 for a delivery in the first quarter of 2018.
- A 6.2 ha land in Reims Métropole in the south west of Reims to build a 30,000 m² clinic, with work beginning in December 2015 for an expected delivery in the first quarter of 2018. A 12-year fixed off-plan lease was signed with the Courlancy Santé group.

Asset disposals

The Healthcare Property Investment Division sold two clinics in 2015 for 26.8 million euros.

2.4. Development Division

The property development division includes the development acitivities in the residential sector, representing 73.1% of its IFRS revenue, the commercial sector, (12.7%) and the public and healthcare amenities sector (12.0%). Finally, the development division has a project management assistance subdivision representing2.2% of its IFRS revenue.

The revenue from its activities has registered a drop of 281.3 million euros in an environment with weaker sales rhythm in the housing sector and also because of the non-renewal of a special operation in 2014 (the "le garance" operation sold in December 2014 which was recorded for 90% of its technical advancement in the 2014 accounts).

The control of operating margins as well as the structure costs, have allowed the Property Development division to limit the significant modulation of revenue, nevertheless, net income – share group, at 19.1 million euros, is down over one year.

The operating margin (operating profit/revenues) totalled 4.3% versus 5.5% as at 31 December 2014, penalised by the volume decrease in 2015.

Synthetic income statement and contribution to net current cash flow - Group

	31/12/2015			31/12/2014		
(in millions of euros)	Current	Non-current	Total	Current	Non-current	Total
Revenue	885.4		885.4	1,166.7		1,166.7
Income from operating activity	888.7		888.7	1,170.0		1,170.0
Purchases used	(717.8)		(717.8)	(956.4)		(956.4)
Outside services	(60.0)		(60.0)	(69.3)		(69.3)
Tax, duty and similar payments	(5.5)		(5.5)	(7.7)		(7.7)
Personnel charges, profit sharing and share incentive scheme	(63.5)		(63.5)	(69.1)		(69.1)
Other business-related charges	(11.4)		(11.4)	(11.8)		(11.8)
Charges on operating activities	(858.1)		(858.1)	(1,114.3)		(1,114.3)
EBITDA	30.6		30.6	55.7		55.7
Depreciation charges net of investment grants		(1.4)	(1.4)		(1.4)	(1.4)
Charges and reversals related to impairment on tangible, financial and other current assets		(0.4)	(0.4)		(0.2)	(0.2)
Profit/(loss) from acquisitions		-	-		-	-
Profit/(loss) from disposals		(0.6)	(0.6)		1.9	1.9
Impairment on goodwill and intangible assets		-	-		(0.9)	(0.9)
Share in profit/(loss) of equity-accounted companies	9.3	0.3	9.6	9.0	0.0	9.0
OPERATING PROFIT/(LOSS)	39.9	(2.0)	37.9	64.7	(0.5)	64.2
Cost of gross debt	(0.1)		(0.1)	(0.2)		(0.2)
Net income from cash and cash equivalents, related loans and receivables	0.6		0.6	3.0		3.0
Cost of net debt	0.5		0.5	2.9		2.9
Adjustment to the value of derivatives and other discounts(ORNANEs)		-	-		-	-
Other financial income and charges	0.2	-	0.2	0.8	(0.0)	0.7
FINANCIAL PROFIT/(LOSS)	0.8	-	0.8	3.6	(0.0)	3.6
Corporate tax	(18.6)	0.8	(17.8)	(25.1)	(0.2)	(25.2)
Profit/(loss) from discontinued operations	-	-	-	-	-	-
NET PROFIT/(LOSS)	22.1	(1.3)	20.8	43.3	(0.7)	42.6
Profit/(loss): share of non-controlling interests	1.8	(0.0)	1.8	2.2	(0.1)	2.1
Net profit/(loss) – Group share	20.3	(1.3)	19.1	41.1	(0.6)	40.5

Return on equity

(in millions of euros)	31/12/2015	31/12/2014
Net income attributable to owners of the company	19.1	40.5
Shares and Equity – Group share (1)	446.9	417.2
Return of equity	4.3%	9.7%

(1) Average value over the period (restated for the dividend paid in late December 2015 of 100 million euros)

The return on equity is penalised by the downward trend of the division's results in 2015. Nevertheless, in the scope of optimising its allocation of capital, Icade has made a special payment of reserves of €100 million from its subsidiary Icade Property Development to Icade SA.

Icade considers that the application of the IFRS 11 standard on joint ventures does not allow it to fully reflect the business of Property Development.

The IFRS 11 standard requires the equity method of accounting for joint ventures. Consequently, the financial indicator tables below present the passage from the accounting presentation to the economic presentation.

The financial indicators shown below therefore take into account the joint ventures with a proportional consolidation (economic presentation).

	31/12/2015			31/12/2014			
(in millions of euros)	IFRS	Reclassification of joint ventures	Total	IFRS	Reclassification of joint ventures	Total	Change
Residential Property Development	647.2	49.6	696.8	795.4	31.9	827.3	-15.8%
Commercial Property Development	238.3	20.5	258.7	371.9	46.5	418.4	(38.2%)
Intra-group property development	(0.1)	-	(0.1)	(0.6)	-	(0.6)	-
REVENUE (1)	885.4	70.1	955.5	1,166.7	78.4	1,245.1	(23.3%)
Residential Property Development	28.5	5.9	34.4	45.2	1.7	46.9	(26.6%)
Commercial Property Development	2.1	3.0	5.0	10.5	5.7	16.2	(68.9%)
EBITDA	30.6	8.8	39.5	55.7	7.4	63.1	(37.5%)
Margin (EBITDA/Revenues)	*3.5%*	*12.6%*	*4.1%*	*4.8%*	*9.4%*	*5.1%*	
Residential Property Development	33.6	0.2	33.7	46.9	-	46.9	(28.1%)
Commercial Property Development	4.3	0.1	4.4	17.4	(0.1)	17.3	(74.7%)
OPERATING PROFIT/(LOSS)	37.9	0.3	38.1	64.2	(0.1)	64.1	(40.5%)
operating margin (operating profit/revenues)	*4.3%*	*0.4%*	*4.0%*	*5.5%*	*(0.1%)*	*5.1%*	

(1) Revenue based on progress, after inclusion of the commercial progress and work progress of each operation.

Development backlog and Service order book

The backlog represents the revenue signed (before tax) but not yet recorded for development operations based on progress and signed orders (before tax).

The service order book represents the service contracts (before taxes) that have been signed but are not yet performed.

	31/12/2015			31/12/2014		
(in millions of euros)	Total	Île-de-France	Regions	Total	Île-de-France	Regions
Residential development (incl. subdivision)	834.1	271.1	563.0	825.8	386.9	438.9
Commercial Property Development	417.6	143.1	274.5	183.8	146.5	37.3
Public and Healthcare Development	228.6	28.4	200.2	182.5	9.8	172.7
Project management services order book	28.1	23.6	4.5	41.9	29.7	12.2
TOTAL	1,508.4	466.2	1,042.2	1,234.0	572.9	661.1
Share in total	100.0%	30.9%	69.1%	100.0%	46.4%	53.6%

The Property Development Division's total backlog was 1,508.4 million euros versus 1,234.0 million euros as at 31 December 2014, up 22.2%.

These changes can be analysed as follows:

- a slight increase in "Housing Development" backlog, related to the increase in reservations of notarised sales on the operations on start-up work, offsetting the delivery made in June 2015 of the Paris Nord Est operation (Paris 19 – Mac Donald: 1,126 homes);
- a significant increase in the "Commercial Property Investment" backlog because of signatures of significant deeds carried out throughout the year 2015, confirming the return of investors for this type of assets, especially outside Paris:
    - In Lyon with:
        - GECINA, an off-plan sale for the SKY56 building (30,700 m²) located in the Part Dieu quarter in Lyon;
        - RTE, an off-plan sale of a 14,000 m² building located in the heart of the ZAC des Girondins (Lyon Gerland), for the construction of its regional head office;
        - BNP PRE, an off-plan sale for the "Ivoire" building in Lyon Gerland (7,550 m²);
        - AG REAL ESTATE, an off-plan sale for the entire "Factory" building from the "Ynfluences square" program.
    - In Lille with:
        - UNION INVESTMENT, an off-plan sale for the EKLA Business office building, located in the ZAC du GIAC, with a floor area of 14,800 m²;
        - LA FRANCAISE REM, an off-plan sale for the LE CONEX office building, located at the bottom of the Lille Flandre train station, with a floor area of 7,440 m².
    - In Rennes with;
        - PERIAL AM on behalf of the PF02 fund on the ZAC Eurorennes, an off-plan sale for all of the "URBAN QUARTZ" offices, with a floor area of 13,300 m².

  Finally, in Paris, in the ZAC Clichy Batignolles (lot N4), an off-plan sale was signed with an institutional investor for the creation of offices, with a floor area of 14,800 m².
- an increase of 25.3% of the "Public and Healthcare Development" backlog with the signing of the public partnership contract (PPP) for the creation of the Montpellier - Sud TGV station (high speed train) and at the end of the year, the signing of two off-plan sales for the creation of 9,643 m² of medical buildings adjoining the site of the future COURLANCY clinic in the ZAC de Bezannes bordering Reims.
- the AMO-Services order book decreased by 32.9% in connection with the drop in this activity in the region.

Housing development

(in millions of euros)	31/12/2015 IFRS	31/12/2015 Reclassification of joint ventures	31/12/2015 Total	31/12/2014 IFRS	31/12/2014 Reclassification of joint ventures	31/12/2014 Total	Change
Revenue	647.2	49.6	696.8	795.4	31.9	827.3	(15.8%)
EBITDA	28.5	5.9	34.4	45.2	1.7	46.9	(26.6%)
Margin (EBITDA/Revenues)	*4.4%*	*11.9%*	*4.9%*	*5.7%*	*5.3%*	*5.7%*	
OPERATING PROFIT/(LOSS)	33.6	0.2	33.7	46.9	-	46.9	(28.1%)
Operating margin (operating profit/revenues)	*5.2%*	*0.3%*	*4.8%*	*5.9%*	-	*5.7%*	

The year 2015 marked a slight recovery of the residential property market with a significant return of private investors (Pinel incentives) in a low interest rate environment.

The market remains difficult for the development in the Île de France region, but a recovery was observed in regions outside Paris.

The return of private investors in higher numbers than in 2014 has offset the drop noted in first time home buyers.

The sale to social landlords is stable whereasthose to other institutional investors is in decline.

The revenues from the housing development activity stood at 696.8 million euros as at 31 December 2015, down 15.8% versus 2014. This change is primarily linked to the drop in commercial activity recorded in 2013 and 2014, before the recovery observed since the fourth quarter of 2014 and accentuated by the delivery of the large-scale operation in Paris-Nord Est (Paris 19 - Mac Donald: 1,126 housing units), highly contributive to revenue in 2014.

The operating profit/(loss) from the Housing Development activity resulted logically in a decline at 33.7 million euros as at 31 December 2015, compared with 46.9 million euros as at 31 December of the preceding year.

In 2016 the trend should be the same as 2015, with a stabel market volume and weak price erosion, if the rates stay at their current levels.

The revenue from the Housing Development division should have a rebound in 2016, with the support of the development dynamic undertaken in all zones.

In the Île-de-France region, the ambition of the Greater Paris project to build a total of 70,000 homes, i.e., doubling current production, is also an encouraging sign for the development in sales volumes.

At the national level, Icade is betting on the continuation of the PINEL investment measures, beyond the 2016 maturities and the new 2016 provisions on the broadening of the PTZ for first time buyers.

Finally, Icade is counting on the acceleration of the institutional investments and the government measures in favour of social and intermediate housing to grow its production.

Main physical indicators as at 31 December 2015

	31/12/2015	31/12/2014	Change
Marketing			
Île-de-France	1,583	1,249	26.7%
Outside Paris	3,348	3,307	1.2%
TOTAL LOTS *(in units)*	4,931	4,556	8.2%
Île-de-France	346.0	278.2	24.4%
Outside Paris	650.4	619.7	5.0%
TOTAL REVENUE *(potential in millions of euros)*	996.4	897.9	11.0%
Launching of operations			
Île-de-France	1,012	1,044	(3.1%)
Outside Paris	3,626	2,003	81.0%
TOTAL LOTS *(in units)*	4,638	3,047	52.2%
Île-de-France	216.2	261.0	(17.2%)
Outside Paris	735.4	397.0	85.2%
TOTAL REVENUE *(potential in millions of euros)*	951.6	658.0	44.6%
Reservations			
Housing reservations *(in units)*	3,999	3,912	2.2%
Housing reservations *(in millions of euros including taxes)*	839.3	787.7	6.6%
Housing withdrawal rate *(in %)*	23%	19%	23.5%
Average sale price and average surface area based on reservations			
Average price including taxes per habitable m² *(in euros/m²)*	3,641	3,615	0.7%
Average budget including taxes per housing unit *(in thousands of euros)*	210.0	205.7	2.1%
Average surface area per housing unit *(in m²)*	57.6	56.9	1.2%

(1) The units allow the number of homes or equivalent housing to be defined (for the mixed programmes) of any given programme. The number of equivalent housing units is determined by adding the surface area by type (local business, shoppe, office) to the average surface area of the housing units calculated during the preceding quarter.

Breakdown in reservations by type of customer

	31/12/2015	31/12/2014
Social institutional investors (ESH) - social landlords	21.6%	20.9%
Institutional Investors	10.0%	15.4%
Individual Investors	42.6%	33.0%
Buyers	25.8%	30.7%
TOTAL	100.0%	100.0%

The number of housing units marketed during the year 2015 was up by 8.2% compared with the preceding year (4,931 as at 31 December 2015 versus 4,556 as at 31 December 2014), more marked in Île de France which had experienced a slowdown in 2014.

Accompanying the return of the market, the number of housing units launched strongly increased, by 52%, over the year 2015 totalling 4,638 versus 3,047 as at 31 December 2014.

Icade's net housing reservations as at 31 December 2015 increased by 2.2% in volume compared to the preceding year, reaching 3,999 reservations, and increasing by 6.6% in value, under the effect of an average price per lot slightly greater than in the preceding year due to the marketing of housing units adapted to the investors.

In the extension of the trend observed in the first half of 2015, reservations carried out with private investors, mainly in the scope of the "Pinel" tax measure, posted a significant increase and totalled 42.6% of the reservations carried out as at 31 December 2015 versus 33% over the year 2014. The share of first time home buyers in proportion and in value is down (25.8% versus 30.7%).

In equivalent scope, it was possible to contain the drop in prices over the year 2015 because of low interest rates. The slight increase noted in the price per m² to 3,641 euros/m², including tax, is in part related to a more attractive geographic positioning with a higher market price and a return of private investors.

Notarised sales as at 31 December 2015 reached 4,206 lots for a revenue of 887 million euros, versus 3,133 lots for 674 million euros as at 31 December 2014, i.e., an increase of 34% in volume, mainly related to the growth of operation launches.

Property portfolio

The property portfolio of housing units and lots to be built improved; it represents 8,153 lots as at 31 December 2015 (6,835 lots as at 31/12/2014) for potential revenue estimated at 1.7 billion euros (versus 1.4 billion euros as at 31/12/2104).

Commercial Property Development

	31/12/2015			31/12/2014			
(in millions of euros)	IFRS	Reclassification of joint ventures	Total	IFRS	Reclassification of joint ventures	Total	Change
Public and healthcare amenities	106.2		106.2	82.9	3.8	86.7	22.5%
Commercial	112.9	20.6	133.5	269.7	43.3	313.0	(57.3%)
Assistance to project manager	19.2	(0.2)	19.0	19.2	(0.6)	18.6	2.2%
REVENUE	238.3	20.5	258.7	371.9	46.5	418.4	(38.2%)
EBITDA	2.1	3.0	5.0	10.5	5.7	16.2	(68.9%)
Margin (EBITDA/Revenues)	*0.9%*	*14.5%*	*1.9%*	*2.8%*	*12.3%*	*3.9%*	
OPERATING PROFIT/(LOSS)	4.3	0.1	4.4	17.4	(0.1)	17.3	(74.7%)
Margin rate (RO/Revenues)	*1.8%*	*0.5%*	*1.7%*	*4.7%*	*(0.2%)*	*4.1%*	

Public and healthcare business

The 2015 revenue for the development activity "Public and healthcare amenities" increased by 22.5% totalling 106.2 million euros. The launch of the "Private Hospital of Nouméa Division" work in the second half of 2014 and that of the "Montpellier-Sud de France" TGV train station contributed significantly to the improvement of revenue for this activity over the year 2015.

As at 31 December 2015, the portfolio of projects in the "Public and healthcare amenities" development domain was 245,036 m² (278,996 m² as at 31 December 2014) in projects, including 114,170 m² in work under way. The portfolio of projects for this activity was exclusively located outside Paris and in the French overseas departments and territories. At this point in the year, deliveries total 35,516 m².

Commercial property and shops

As at 31 December 2015, the revenue from the office and retail development activity totalled 133.5 million euros, versus 313.0 million euros as at 31 December 2014. This decrease of 57.3% is mainly attributable to the large contribution to revenue from the Le Garance building in the previous year , sold in December 2014 to France domain on behalf of the Ministry of the Interior and completed at the end of August 2015.

As at 31 December 2015, Icade Property Development had a portfolio of projects in the Commercial and Retail Property Development segment of around 769,443 m² (versus 835,489 m² as at 31 December 2014), including 161,834 m² of projects under development.

Over the year 2015, the deliveries totalled 107,246 m², with the delivery of the Cargo operation in October, located in Paris 19, which represents 15,000 m² of surface area entirely dedicated to innovative and creative businesses.

The speculative operations total a commitment of 201.4 million euros as at 31 December 2015, increasing with respect to 31 December 2014 (130.4 million euros).

Project Management Assistance

The project management assistance business concerns project management assistance contracts and studies created for customers from Public and Healthcare sectors, Commercial Property and Retail Shops.

In 2015, revenue from this activity was relatively stable at 19.0 million euros.

Requirements for working capital and borrowing

(in millions of euros)	31/12/2015 IFRS	31/12/2015 Reclassification of joint ventures	31/12/2015 Total	31/12/2014 IFRS	31/12/2014 Reclassification of joint ventures	31/12/2014 Total	Change
Residential Property Development	186.6	23.9	210.5	245.1	17.4	262.5	(52.0)
Commercial Property Development	24.2	19.0	43.3	(1.1)	20.2	19.1	24.2
WORKING CAPITAL REQUIREMENT	**210.8**	**42.9**	**253.8**	**244.0**	**37.6**	**281.7**	**(27.9)**
NET DEBT (1)	**(113.1)**	**25.0**	**(88.1)**	**(176.9)**	**17.5**	**(159.4)**	**71.3**

(1) The negative sign is a net asset, while the positive sign is a net liability.

The working capital requirement (WCR) improved by 27.9 million euros since the beginning of the year 2015, totalling 253.8 million euros.

The WCR of Commercial Property increased by 43.32 million euros (16.7% of revenue) with the launching of new operations, while that of residential dropped to 210.5 million euros, settling at 30.2% of the revenue for 2015, versus 31.7% in 2014.

Net cash from the Property Development division stood at 88.1 million euros, decreasing by 71.3 million euros versus 31 December 2014 and related to the payment of a special reserve distribution of 100 million euros at the end of 2015.

3. NET ASSET VALUE AS AT 31 DECEMBER 2015

3.1. Valuation of the property assets

Surveyors' mission and methodology

Valuation mission

Icade's property assets are valued by independent property surveyors twice a year for the publication of the half-yearly 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 [French Federation of property and real-estate companies].

The property surveying missions have been entrusted to Jones Lang LaSalle Expertises, DTZ Valuation France, CBRE Valuation, Catella Valuation FCC and BNP Paribas Real Estate Valuation.

The property surveying fees are billed to Icade on the basis of a flat remuneration, taking into account the specifics of the properties (number of lots, number of square meters, number of leases under way, etc.) and independently of the value of the assets.

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

- the Property Valuation Charter (Charte de l'expertise en évaluation immobilière), fourth edition, published in October 2012;
- the "Barthès de Ruyter" report from the COB (AMF) dated 3 February 2000 on the valuation of the property assets of companies making public offerings for investment;
- at international level, the European surveying standards of TEGoVA (The European Group of Valuers' Association), published in April 2009 in the Blue Book, as well as the Red Book standards of 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 valuation methods).

On each valuation assignment and during the presentation of values, Icade ensures the consistency of the methods used for valuation of its assets within the panel of surveyors.

The values are established on the basis of "duties included" and "duties excluded", the "duties excluded" values being determined after deduction of fees and fixed legal expenses calculated by the surveyors.

The Crystal Park office building, the EQHO and PB5 towers, and the Millénaire shopping centre were surveyed twice; the average of the two surveyed values was selected.

In H2 2015, Icade extended the double survey to all of the business parks in order to strengthen the reliability of the valuation work. To that effect, during July 2015, Icade consulted with the main property surveyors. The surveyors were selected based on criteria of independence, qualification, reputation, competence in property assessment matters, ability in organisational matters, reactivity and price.

Note: In 2015, Icade also initiated, as most real estate companies, a process of internal valuations performed by its Asset Manager teams, in order to strengthen the assessment of the asset values, as determined by the surveyors, and to get a better understanding of the future performance of the portfolio on the basis of the established business plans.

The sites are systematically visited by the surveyors for all new assets added to the portfolio. New site visits are then organised according to a multiannual schedule or each time a specific event in the life of the building requires it (occurrence of significant changes in its structure or environment).

According to the procedures in force within the Group, all Icade's assets, including land reserves and projects under development, have been surveyed as at 31 December 2015, with the following exceptions:

- buildings currently in a disposal process, including those that are subject to a pre-sale agreement at the time of the closing of the account or those for which an offer has been received and that are valued based on the contractual sale price; that was the case, as at 31 December 2015, for the joint property lots of the Arago tower, the Rueil extension, Reflet Défense and the Evry-Courcouronnes business parks;
- the buildings underlying a financing transaction (leasing or renting with option to buy when Icade is the lessor specifically), which have been valued at the amount of financial debt written in the accounts or, if necessary, at the purchase option price shown in the contract; the Levallois-Perret office building rented to the Ministry of the Interior for a period of 20 years with an option to buy is the sole building falling under this category as at 31 December 2015;
- public buildings and works held via a PPP (public-private partnership) which are not valued, as the ownership ultimately returns to the State at the end of partnership contracts. These assets are therefore held at the net book value and listed without modification in the property assets currently published by Icade;
- buildings acquired less than three months before the semi-annual or annual closing date, which are valued at their net book value. As at 31 December 2015, 18 assets acquired during the last quarter fall under this category including the Vision portfolio.

Methodology used by the surveyors

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

The investment properties are valued by the surveyors by cross-checking two methods: the revenue method (the surveyor using the most appropriate method between net rent capitalisation and discounted cash flows), supported by the method of direct comparison with the prices of the noted transactions on the market on assets equivalent in type and location (unit price in block, per building).

The net revenue capitalisation 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. The cash flow discount rate is calculated based either on a risk-free rate plus a risk premium (related both to the property market and to the building considered taking into account its qualities in terms of placement, construction and secure revenues) or the weighted average cost of capital.

Irrespective of the method used, the valuation calculations are carried out on a lease by lease basis, except for particular cases and exceptions.

Land reserves and buildings under development are also valued at their fair value. They also are subject to a valuation that takes into account the NAV calculation. The methods used by the surveyors primarily include the developer balance sheet and/or the discounted cash flow completed in certain cases by the comparison method (see above for details of the last two methods).

The developer balance sheet method involves 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.

For buildings under development, all outstanding costs linked to the completion of the project, along with the carrying charge until delivery, must be deducted from the buildings' provisional sale price.

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.

Considering its special situation, and its development model, the Parc de Rungis was subject to a specific valuation of its land reserves. In fact, in the Parc de Rungis there is an unutilised capacity for construction on the parcels already developed. Icade values the difference between the built surface area and the potential surface area in the scope of a 25 year projected redevelopment plan. This plan provides for the construction of around 385,000 m² of premium offices, mixed buildings (office and local businesses) through the demolition of the most obsolete buildings or the construction at strategic places for the development of a park,

The method is based on:

- The applicable urban planning rules,
- The estimated absorption capacity,
- The current market of new offices (rental value, rate of return),
- The redevelopment plan of the site with maturities of 5, 10, 15, 20 and 25 years: 32,900 m² over the range of the five first years, 81,500 m² from five to 10 years, 89,000 m² from 10 to 15 years, 115,000 m² from 15 to 20 years, and 66,000 m² from 20 to 25 years.

The estimated value of unutilised capacity for construction is based on the value of the building land of the park. A land coefficient of 18% is applied including a developer margin of 8%. This coefficient is a result of the average price by square meter of the land and of a coefficient observed on business parks in the outskirts of Paris (2nd/3rd ring). These values thus obtained are discounted as a function of the 5, 10, 15, 20 and 25 year redevelopment ranges provided for in the projected plan with the respective rates of 3.5%, 5.5%, 6.5%, 7.5% and 8.5%. The valuation of these reserves totalled 74.1 million euros as at 31 December 2015,

Additionally, Icade identified un-leasable floor space in its assets, which are completely vacant buildings, held for sale, restructured or demolished, without an initiated project. The valuations of these surface areas of offices totalled 81.9 million euros and 50.4 million euros for the business parks.

Whichever method is selected, it is ultimately the property surveyors' responsibility 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 authorisation and building phases (demolition permit, building permit, objections, progress of work, any pre-marketing or rental guarantee). From the exit value, the surveyors must explain which procedure they followed in estimating the degree of risk and revaluation attaching to the building in the light of the circumstances under which they work and the information made available to them.

The buildings of clinics or healthcare establishments are valued by surveyors taking the average value obtained using the rent capitalisation (or rental value) method or the discounted future cash flow method.

The market value of a hospital is essentially dependent on operation and its ability to generate sufficient revenues to ensure a normal return on the property investment. These buildings fall under the category of single-use buildings and the value given by the surveyor nevertheless is totally related to its operation and consequently the value of the business. Being unsuitable for use as another business without substantial conversion works, these premises are not otherwise subject to renewal rent capping or revision or to the traditional rules of determining rental value, because the configuration and the specialisation of the property imposes material limits (number of beds or rooms, etc.) on the operator, whatever its qualities.

The market rental value used by the property surveyors is thus based on taking into account a share of the average revenue or EBITDA that the establishment has generated during the last years of operation, with or without correction for category, consistency, administrative environment, quality of operating structure (price positioning, state health service contract, operating accounts, etc.) and possible competition. The establishment's premises could otherwise be valued by capitalisation of the rental income advised by Icade.

Finally, the appraisal values dated 31 December 2015 do not take into account the effects related to the increase in additional tax in Ile de France and the increase in transfer duties from the city of Paris voted to be applied in 2016.

Summary of surveyor valuations of Icade's assets

The classification of assets is presented in the following way:

- the Commercial Property Investment strategic assets are comprised of offices (including buildings and public projects held via public-private partnerships) and business parks (including the Millénaire shopping centre);
- the non-strategic assets of Property Investment are comprised of warehouses and housing units.
- the Healthcare Property Investment assets comprise the Healthcare portfolio;

Furthermore, assets in the Healthcare portfolio are valued in proportion to Icade's stake in Icade Santé (56.5%). If these assets were held at 100% of their value, the Icade portfolio would result in 10,497,6 million euros excluding duties versus 10,151.4 million euros at the end of 2014 (and 11,065.6 million euros including duties versus 10,682.2 million euros at the end of 2014).

(Value of the portfolio excluding duties in millions of euros in Group share)	31/12/2015	31/12/2014	Change *(in € millions)*	Change *(in %)*	Change on a like-for-like basis (1) *(in € millions)*	Change on a like-for-like basis (1) *(in %)*	Total areas *(m²)*	Price (2) *(€/m²)*	Net rate of return excluding duties (3) *(in %)*	Reversion potential (4) *(in %)*	Overall market rental value *(in € millions)*	EPRA vacancy rate (5) *(in %)*
Offices												
Paris	249.1	220.2	+28.9	+13.1%	+28.6	+13.0%	17,174	14,503	4.6%	(0.7%)	11.5	9.3%
La Défense/Near La Défense	1,724.7	1,681.6	+43.1	+2.6%	+4.9	+0.3%	319,797	5,393	6.5%	(1.0%)	118.1	13.1%
Other Western Crescent	667.6	723.7	(56.1)	(7.8%)	(52.7)	(7.3%)	75,006	8,900	6.1%	(7.8%)	38.3	9.1%
Inner Ring	738.4	569.7	+168.7	+29.6%	+156.9	+27.5%	133,657	5,525	5.6%	(2.0%)	40.8	0.5%
Outer Ring	38.3	66.6	(28.3)	(42.5%)	(3.1)	(7.4%)	10,372	3,693	18.1%	(9.3%)	1.3	24.5%
Total IDF	3,418.1	3,261.9	+156.1	+4.8%	134.6	+4.2%	556,006	6,148	6.1%	(2.5%)	210.0	9.8%
Regional	76.3	77.1	(0.8)	(1.0%)	+0.0	+0.0%	4,348	17,559	10.0%	(22.5%)	0.6	1.8%
TOTAL	3,494.4	3,339.0	+155.4	+4.7%	+134.6	+4.1%	560,354	6,236	6.1%	(2.6%)	210.6	9.7%
Property reserves	3.2	3.2	-	-	-	-						
Projects under development	62.8	113.3	(50.5)	(44.6%)	(48.4)	(44.6%)						
Unleasable floor space (6)	81.9	3.1	+78.8	+2509.3 %	+78.8	+2509.3 %						
TOTAL OFFICES	3,642.3	3,458.6	+183.7	+5.3%	+164.9	+4.8%	560,354	6,500	6.1%	(2.6%)	210.6	9.7%
Business parks												
Paris	628.8	701.7	(72.8)	(10.4%)	+212.8	+52.1%	115,458	5,447	6.1%	(3.2%)	40.3	6.6%
La Défense/Near La Défense	164.7	234.6	(69.9)	(29.8%)	(71.4)	(30.4%)	92,936	1,772	9.5%	(6.3%)	14.9	37.7%
Other Western Crescent	139.1	161.9	(22.8)	(14.1%)	(24.2)	(14.9%)	72,056	1,930	10.2%	(6.6%)	10.5	6.6%
Inner Ring	944.0	944.0	(0.0)	(0.0%)	(17.1)	(1.8%)	361,375	2,612	8.4%	(4.5%)	76.3	6.1%
Outer Ring	1,209.6	1,429.2	(219.5)	(15.4%)	(243.3)	(16.4%)	817,680	1,479	9.8%	(5.6%)	111.8	23.0%
Total IDF	3,086.2	3,471.3	(385.1)	(11.1%)	(134.2)	(4.2%)	1,459,504	2,115	8.6%	(4.9%)	253.8	15.3%
Property reserves	150.8	235.8	(84.9)	(36.0%)	(80.1)	(33.4%)						
Projects under development	333.8	380.4	(46.6)	(12.3%)	(149.9)	(38.8%)						
Unleasable floor space	50.4	75.4	(25.1)	(33.2%)	(24.9)	(30.9%)						
TOTAL BUSINESS PARKS	3,621.2	4,162.9	(541.7)	(13.0%)	(389.1)	(10.1%)	1,459,504	2,481	8.6%	(4.9%)	253.8	15.3%
TOTAL OFFICES AND BUSINESS PARKS	7,263.4	7,621.5	(358.0)	(4.7%)	(224.2)	(3.1%)	2,019,858	3,596	7.3%	(3.8%)	464.4	12.8%
Non-Strategic Assets (7) Commercial Property Investment	163.3	179.2	(15.9)	(8.8%)	(19.1)	(10.9%)	88,651	1,843	12.4%			18.3%
TOTAL COMMERCIAL PROPERTY INVESTMENT ASSETS	7,426.8	7,800.7	(373.9)	(4.8%)	(243.3)	(3.3%)	2,108,509	3,522	7.3%	(3.7%)	464.4	12.8%
Healthcare Property Investment												
Paris - Inner Ring	55.5	54.8	+0.7	+1.3%	+0.6	+1.1%	39,428	1,409	6.4%			0.0%
Outer Ring	239.2	202.9	+36.3	+17.9%	+36.2	+17.9%	47,205	5,067	6.6%			0.0%
Total IDF	294.7	257.7	+37.0	+14.4%	+36.8	+14.3%	86,633	3,402	6.5%			0.0%
Regional	1,440.6	1,070.7	+369.9	+34.6%	(15.6)	(1.5%)	653,866	2,203	6.8%			0.0%
TOTAL HEALTHCARE PROPERTY INVESTMENT	1,735.3	1,328.4	+406.9	+30.6%	+21.3	+1.6%	740,499	2,343	6.7%			0.0%
GRAND TOTAL	9,162.1	9,129.1	+33.0	+0.4%	(222.1)	(2.5%)	2,849,009	3,216	7.2%			9.0%
Including assets consolidated by the equity method	*179.2*	*184.2*	*(5.0)*	*(2.7%)*	*(6.1)*	*(3.3%)*						

(1) Net change of disposals in the period and investments.

(2) Established with respect to the appraisal value excluding duties.

(3) Annualised net rents of leased surface area added to the net potential rent from vacant surface area at the market rental value added to the appraisal value excluding duties from leasable floor space.

(4) Difference noted between the market rental value and annualised rents net of unrecoverable charges of these same surface areas (expressed as at 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.

(6) Buildings that are 100% vacant which surface areas will be sold, renovated or demolished.

(7) The indicators (Total area, Price in €/m2, EPRA net rate of return excluding duties and vacancy rates) are presented excluding the Residential Property Investment Division and excluding PPPs..

Commercial Property Investment strategic assets

The overall value of the Offices and Business Parks portfolio in Icade share totalled 7,263.4 million euros excluding duties as at 31 December 2015 versus 7,621.5 million euros at the end of 2014, i.e., a decrease of 358 million euros (-4.7%).

After neutralising the impact of the investments, acquisitions and disposals made during the year 2015, the change in asset value of offices and business parks was -3.1%.

By value, 99% of the portfolio is located in Île-de-France.

The value of land reserves and projects under development stood at 682.8 million euros as at 31 December 2015 and breaks down as 154 million euros in land reserves, 396.5 million euros in projects under development including 132.3 million euros of unleasable surface area.

Offices

During the year 2015, the investments made in office assets, which comprise mainly the projects of the Eqho building in La Défense and the Monet building in Saint-Denis, settled at a total of 42.9 million euros (corrected for the change in underlying buildings in a financing transaction and buildings and public projects held in the scope of PPPs and their projects, which amounts to 19.1 million euros).

After neutralising the impact of these investment and asset disposals taking place during the year, the change in value of the Offices division assets as at 31 December 2015 was +164.9 million euros on a like-for-like basis (i.e., +4.8%) to 3,642.3 million euros.

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.

During the year 2015, Icade made 140.4 million euros in maintenance and development investments in the business parks (net of works in properties disposed of during the fiscal year, for 18 million euros)

On a like-for-like basis, after neutralisation of the investments, the acquisitions and disposals of the Millénaire 2 and Millénaire 3 buildings, the value of the business parks assets decreased by 389.1 million euros over the year 2015, i.e. -10.1%, to 3,621.2 million euros. This decrease resulted in contrasted developments, the parks located in Paris recorded an increase of +212.8 million euros, conveying the appeal of the Millénaire Park and the Pont de Flandres Park, while the parks located in the outer ring (-234.3 million euros) recorded negative changes due to vacancy, and drops in rental values for the shopping centres (negative change on consolidation scope in the inner ring at 26 million euros). The parks in La Défense and other western crescent see their valuations sag by 95.5 million euros in a difficult market environment.

Finally, the impacts of the valuation works on the consolidation scope of the land reserves, projects under development and unleasable surface areas weigh in at -254.9 million euros (see above for the details and valuation modes).

Commercial Property Investment non-strategic assets

Warehouses

The market value of the warehouses was assessed at 20.6 million euros excluding duties as at 31 December 2015 versus 22.5 million euros as at 31 December 2014, i.e., a decrease of 1.9 million euros (-8.4%).

This big drop is mainly due to the disposal of a Béziers warehouse in 2015.

Housing

The assets of the Housing Investment division as at 31 December 2015 consisted of buildings managed by the SNI, together with the joint ownership housing and various residual assets, which were valued on the basis of property valuations.

The value of this assets was 142.7 million euros excluding duties as at 31 December 2015 versus 156.7 million euros at the end of 2014, i.e., a change of -14 million euros (-8.9%), which is explained primarily by the effect of the disposals.

Healthcare Property Investment Assets

The property portfolio of the Healthcare Property Investment division includes clinic and healthcare establishment buildings.

The overall value of this portfolio (Icade share) is estimated at 1,735.3 million euros excluding duties as at 31 December 2015, versus 1,328.4 million euros at the end of 2014, i.e., an increase of 406.9 million euros, which is mainly explained by the acquisition of 18 healthcare establishments and 3 plots of land under construction of MCO clinics over the year for 380.1 million euros (Icade share, excluding duties) and by the increase in values.

On a like-for-like basis, after neutralising the projects for the year by 19.3 million euros (Icade share) of disposals and acquisitions, the portfolio value changed by +21.3 million euros over the year 2015, i.e., +1.6%).

3.2. Valuation of development and services activities

The valuation of Icade's development and services companies was performed by Détroyat Associés, an independent company, for the calculation of the net asset value. The method selected by the appraiser is based mainly on a cash flow discount (DCF) over the period of the business plans of each company, extended by a 10-year horizon, and matched by a terminal value based on an infinite normal cash flow. The value of the companies is integrated in the calculation of the net asset value.

On this basis, the values of the development and services companies as at 31 December 2015 break down as follows:

	31/12/2015	31/12/2014
(in millions of euros)	Development and services companies	Development and services companies
Corporate value	345.9	327.4
Net debt[1]	(119.5)	(179.3)
Other adjustments[1]	54.9	50.8
Value of the companies (global consolidation)	410.6	455.9
Value of the companies (consolidated by the equity method)	68.4	14.7
Global value of companies	478.9	470.6

1 the negative sign is a net asset; the positive sign is a net liability

Corporate value of the companies (global consolidation)	345.9	327.4
Value of the companies (consolidated by the equity method)	94.2	32.0
Value of development and services companies	440.1	359.4

Among the financial parameters used, the surveyor used a weighted average cost of capital comprised of between 6.21% and 10.67%.

The corporate value of the development companies as at 31 December 2015 (including the corporate value of companies consolidated by the equity method) is up compared with 31 December 2014. This increase resulted mainly in the effect related to the business plans of property development, which takes into account the property development market cycle which is expected to rebound starting in 2017, coupled with the ambition of returning to a level of profitability in accordance with its peers on the horizon of the strategic plan, but accelerating the development of synergies with the property investment activity, as announced to the market on 30 November.

Finally, in conformance with its strategic plan, Icade initiated, after agreement by its board of Directors, a disposal process of its services division, whose implementation is scheduled for 2016. For confidentiality reasons related to the process, the contribution of equity from services has been grouped with that of the development companies.

3.3. Calculating EPRA net asset value

(in millions of euros)		31/12/2015	30/06/2015	31/12/2014
Consolidated Group share equity[a]	(1)	3,592.5	3,725.8	4,042.3
Impact of the dilution of shares giving access to capital[b]	(2)	0.0	0.0	0.0
Unrealised capital gain on property assets (excl. duties)	(3)	1,810.0	1,684.4	1,615.9
Unrealised capital gains on securities of equity-accounted Property Investment companies (excluding duties)	(4)	21.0	4.6	4.5
Unrealised capital gain on development and service companies	(5)	51.1	18.2	15.6
Unrealised capital gain on securities of equity-accounted property development companies	(6)	59.6	27.6	(6.4)
Restatement of the revaluation of rate hedging instruments	(7)	60.8	64.5	92.3
EPRA NAV simple net (Group share)	**(8)=(1)+(2)+(3)+ (4)+(5)+(6)+(7)+(8)**	**5,595.0**	**5,525.0**	**5,764.1**
Revaluation of rate hedging instruments	(9)	(60.8)	(64.5)	(92.3)
Revaluation of fixed-rate debt	(10)	(135.7)	(103.8)	(129.3)
Tax on unrealised capital gains on shares of development and service companies[c]	(11)	(15.4)	(16.6)	(14.7)
Group share of EPRA triple net NAV	**(12)=(9)+(10)+(11)**	**5,383.0**	**5,340.1**	**5,527.8**
Number of shares completely diluted[d]	n	73,607,581	73,731,196	73,530,191
EPRA NAV simple net per share ***(in Group share - completely diluted in euros)***	**(8)/n**	**76.0**	**74.9**	**78.4**
Annual growth		*(3.1%)*		
EPRA NAV triple net per share ***(in Group share - completely diluted in euros)***	**(12)/n**	**73.1**	**72.4**	**75.2**
Annual growth		*(2.8%)*		

(a) Including a 2015 Group share net loss of €207.6 million.
(b) Dilution related to stock-options which had the effect of increasing consolidated equity and the number of shares will be deducted from the number of exercisable shares at the end of the fiscal year.
(c) Calculated at a rate of 34.43% for securities held for less than two years and at a rate of 4.13% for securities held for more than two years. For securities owned directly by Icade, these rates are subject to the exceptional contribution, increasing them respectively to 38.0% and 4.56%.
(d) Stands at 73,607,581 as at 31 December 2015, after cancelling treasury stock (-532,965 shares) and the positive impact of diluting instruments (29,360 shares).

In spite of the impairments on supplemental assets in H2 2015, the NAV changed positively compared with 30 June 2015. It increased from 5,340.1 to 5,383.0 million euros.

The variation of the NAV over the period is detailed in the table below.

EPRA TRIPLE NAV IN GROUP SHARE AS AT 31/12/2014 (in € per share)	75.2 euros
Dividends paid in the first half year	(3.7) euros
Group share of consolidated profit for the year	(2.8) euros
Change in fair value of financial derivative instruments	+0.4 euros
Variation of the unrealised capital gains on real estate assets of property investment companies consolidated by the equity method	+2.9 euros
Change in unrealised capital gains on property-development and service companies	+1.4 euros
Change in the fair value of fixed-rate debt	(0.1) euros
Impact of the change in the number of diluted shares on the NAV per share	(0.1) euros
Other	0.0 euros
EPRA TRIPLE NAV IN GROUP SHARE AS AT 31/12/2015 (in euros per share)	73.1 euros

The change in unrealised capital gains of property assets from the development and services companies resulted in changes in the values detailed above (in 3.1.2 and 0). The main changes refer to the real estate assets situated in dynamic locations or in recovery (Paris Business Parks and offices in the Inner ring), which have recorded movement of significant value having increased the unrealised capital gains.

On the other hand, the constant decrease in the interest rates throughout the year increased the difference in fair value from fixed rate debt, whose outstanding debt grew in 2015, particularly by the issuance of a 500 million euro bond in September.

The fair value of the cash flow hedge rates increased, which is explained by the passing of time and the maturity of the historical derivatives products contracted at high rates.

4. EPRA REPORTING AS AT 31 DECEMBER 2015

Icade presents below the *European Public Real Estate Association* (EPRA) performance indicators, drawn up in accordance with its recommendations.

4.1. EPRA net asset value (simple net and triple net)

The EPRA NAV calculation is detailed in Chapter 2, part 1.3.3: "Calculation of the EPRA net asset value".

(in millions of euros)	31/12/2015	30/06/2015	31/12/2014 restated	Change 2014/2015	Change *(in %)*
EPRA NAV simple net, Group share	5,595.0	5,525.0	5,764.1	(169.1)	(2.9)%
EPRA NAV simple net, Group share, per share (in €)	76.0	74.9	78.4	(2.4)	(3.1)%
EPRA triple net NAV, Group share	5,383.0	5,340.1	5,527.8	(144.8)	(2.6)%
EPRA NAV triple net, Group share, per share (in €)	73.1	72.4	75.2	(2.1)	(2.8)%

4.2. EPRA earnings from – Property investment

EPRA earnings from Property Investment measure the recurring operational performance of the operating assets for the Commercial Property Investment division and the Healthcare Property Investment division.

	(in millions of euros)	31/12/2015	31/12/2014 restated	Change in % 2015/2014
	NET PROFIT/(LOSS)	(180.2)	172.8	
	Net profit/(loss) - Other activities (1)	1.9	39.9	
(a)	NET PROFIT/(LOSS) - PROPERTY INVESTMENT (2)	(182.1)	132.9	
(i)	Change in value of investment properties and depreciation allowance	(582.2)	(270.6)	
(ii)	Profit/(loss) from asset disposals	128.5	98.6	
(iii)	Profit/(loss) on acquisitions	(0.3)		
(iv)	Tax on profits from disposals and impairments			
(v)	Negative acquisition difference/depreciation of goodwill		-	
(vi)	Change in fair value of financial instruments	2.2	(5.3)	
(vii)	Acquisition cost for shares		-	
(viii)	Tax charge related to EPRA adjustments	(37.0)	(0.2)	
(ix)	Adjustment for equity-accounted companies	(22.6)	(6.6)	
(x)	Minority interests (Healthcare Property Investment)	56.4	47.0	
(b)	TOTAL RESTATEMENTS	(455.0)	(136.9)	
(a-b)	EPRA EARNINGS FROM PROPERTY INVESTMENT	273.0	269.9	1.2%
	Average number of diluted shares held for the calculation	73,737,524	73,735,312	
	EPRA EARNINGS FROM PROPERTY INVESTMENT IN €/SHARE	3.70 euros	3.66 euros	1.1%

(1) The other activities are:development, discontinued operations and inter-group.
(2) Profit/(loss) from continuing operations of Commercial Property Investment and Healthcare Property Investment.

EPRA earnings from Property Investment were 3.70 euros per share as at 31 December 2015 versus 3.66 euros per share as at 31 December 2014.

4.3. EPRA rate of return

The table below presents the switch from the Icade net rate of return as described elsewhere and the rates of return defined by EPRA. The calculation is carried out after restatement of Icade Santé's minority interests.

	31/12/2015	30/06/2015	31/12/2014
NET ICADE RETURN[1]	7.2%	7.2%	7.4%
Effect of estimated duties and fees	(0.4)%	(0.4)%	(0.4)%
Restatement for potential rents from vacant premises	(0.9)%	(0.9)%	(0.8)%
EPRA TOPPED-UP INITIAL NET RETURN[2]	5.9%	6.0%	6.1%
Integration of rental-free periods	(0.3)%	(0.4)%	(0.6)%
EPRA INITIAL NET RETURN[3]	5.6%	5.6%	5.5%

[1] Annualised net rents of leased surface area added to the net potential rent from vacant surface areas at the market rental value, excluding special rent arrangements, added to the appraisal value excluding duties of operating assets.

[2] Annualised net rents for leased surface area, excluding special rent arrangements, added to the appraisal value (duties included) of operating assets

[3]Annualised net rents for leased surface area including special rent arrangements, added to the appraisal value (duties included) of operating assets

4.4. EPRA vacancy rate

The EPRA vacancy rate is defined as the ratio between the market rent for vacant surface areas and the market rent of the total surface area. Assets under development are not included in the calculation of this ratio.

Below are detailed figures concerning the vacancy rate, in accordance with the definition recommended by EPRA, for the Commercial Property Investment portfolio after restatement of Icade Santé's minority interests.

	31/12/2015	30/06/2015	31/12/2014
Strategic assets	12.8%	14.9%	18.3%
Non-strategic assets portfolio	18.3%	27.0%	19.6%
COMMERCIAL PROPERTY INVESTMENT (excluding Housing)	12.8%	15.0%	18.3%
HEALTHCARE PROPERT INVESTMENT (in share of holding)	0.0%	0.0%	0.0%
TOTAL PROPERTY INVESTMENT (excluding housing)	10.3%	12.5%	15.5%

The positive change in EPRA vacancy rate between 2014 and 2015 is mainly explained by the significant decrease in financial vacancy of the Offices sector between 2014 and 2015 and especially the leases that took effect over the year of close to 60,000 m² in the Tour EQHO (KPMG, Air Liquide, Banque de France, UBAF).

4.5. EPRA cost ratio (Property Investment)

The data below present the detail of the cost ratio, in accordance with the definition recommended by the EPRA, on the scope of Commercial Property Investment (excluding Housing Property Investment), and Healthcare Property Investment (after restating minority interests).

		31/12/2015	31/12/2014 Restated
	Includes:		
(i)	Structural expenses and other overheads	(83.7)	(90.1)
(ii)	Rental charges net of re-invoicing	(31.2)	(30.8)
(iii)	Management fees net of actual/estimated margins		
(iv)	Other re-invoicing covering overheads	41.3	42.7
(v)	Share of overheads and expenses of equity-accounted companies	(3.5)	(3.1)
(vi)	Share of overheads and charges allocated to non-controlling interests	5.6	4.5
	Excludes:		
(vii)	Depreciation of investment properties	-	-
(viii)	Land leasing costs	(2.1)	(2.4)
(ix)	Other property charges incorporated into rental revenues	(0.2)	(0.1)
(A)	EPRA COSTS (INCLUDING VACANCY COSTS)	(69.1)	(74.2)
(x)	Minus - Vacancy expenses	(28.6)	(27.7)
(B)	EPRA COSTS (EXCLUDING VACANCY COSTS)	(40.6)	(46.5)
(xi)	Gross rental income excluding rental costs of land	540.1	538.5
(xii)	Other property charges incorporated into rental revenues		
(xiii)	Plus: share of rental income less property investment charges of equity accounting	9.5	10.4
(xiv)	Share of rental income less charges from property investment allocated to non-controlling interests	(73.7)	(61.6)
(C)	RENTAL INCOME	475.9	487.2
(A/C)	RATIO OF EPRA PROPERTY INVESTMENT COSTS (INCLUDING VACANCY COSTS)	14.5%	15.2%
(B/C)	RATIO OF EPRA PROPERTY INVESTMENT COSTS (EXCLUDING VACANCY COSTS)	8.5%	9.5%

The positive change in the EPRA Property Investment cost ratio between 31 December 2014 and 31 December 2015 is explained by:

- The leases taking effect in the Tour EQHO in April 2015 which improved the EPRA cost ratio by reducing the charge for vacancy and improving rental income;
- The continuation of acquisitions in the Healthcare Property Investment division posted an EPRA cost ratio greater than that of business parks and offices;
- The other effects of the changes in scope (disposal of German properties in 2014) improved the EPRA cost ratio in 2015;
- The savings on operating costs, especially the staff charges which have decreased by 6.4 million euros between 31 December 2014 and 31 December 2015;
- Non-recurring costs over the financial year 2014 (legal costs related to the merger of Icade with 8 companies);

5. FINANCIAL RESOURCES

Over the year, Icade continued strengthening its liabilities structure by using once again the bond market and by increasing the level of its available lines. At the beginning of the month of September, Icade successfully placed a new seven-year issue on the euro market totalling 500 million euros, matched with a margin of 125 basis points above the reference rate (i.e., a 1.875% coupon). This new bond, largely subscribed to by European investors, confirms their confidence in the quality of Icade's credit.

The Group also conducted the following transactions over the year:

- signing of €370m revolving credit lines with maturity of over four years;
- signing of a 5-year €150m syndicated loan in favour of Icade Santé;
- optimising Icade's hedging structure through the subscription of 220 million euros in long term swaps in an environment of historically low rates and by restructuring the notional amount of €325m in caps, which led to a decrease in the portfolio ceiling rate.

All of these transactions have allowed the Group to continue implementing its financial policy: further cost decrease and diversification of its financial resources.

The average cost of debt stood at an historical low and finance fundamentals were maintained at solid levels.

5.1. Liquidity

Icade's financial resources have been strengthened over the financial year 2015 through the renewal of existing lines and setting up new lines of credit. The main financing transactions were as follows:

- cancellation of 80 million euros of revolving credit and setting up 370 million euros in medium and long term revolving lines of credit;
- setting up of medium-term syndicated credit of 150 million euros on Icade Santé;
- setting up a 10 million euro overdraft;
- bond issue for an amount of 500 million euros;
- issue of commercial paper for to reach an outstanding amount of 302.5 million euros at the end of the year.

These new financings (excluding treasury bills) were matched by an average credit margin of 123 bps and have an average life of 5.9 years.

Icade now has the ability to draw on short and medium term credit lines of 1,440 million euros compared with 1,260 million euros as at 31 December 2014, to be used entirely as it sees fit. All the available cash as at December 2015 allow the coverage of almost two years of repayment of capital and debt interest.

5.2. Structure of debt as at 31 December 2015

Debt by type

Gross financial debt of 4,672.6 million euros as at 31 December 2015 includes:

- 1,373.0 million euros in corporate loans;
- 1,809.5 million euros in bond issues;
- 809.5 million euros in mortgage financing;
- 206.4 million euros in financing leases;
- 302.5 million euros in commercial paper;
- 94.1 million euros in private placement;
- 24,2 million euros in bank overdrafts;
- 47.3 million euros in ORNANEs; and
- 6.1 million euros in investment related debt.

As at 31 December 2014, gross debt totalled 4,376.2 million euros. The €296.4m change primarily stems from the following:

- new debt for an amount of 760 million euros, largely related to the September bond issue, the growth of commercial paper debt as well as the setting up of bank financing for Icade Santé;
- drawing and repayment of 80 million euros over the year from available lines;
- final maturity of Icade syndicated credit (130 million euros) and a corporate line of 150 million euros;
- natural depreciation and repayment of corporate lines for about 151 million euros;
- natural depreciation of financial leases for 24 million euros;
- decrease of 2.5 million euros in the fair value of the ORNANEs, with a positive impact in the profit/(loss);
- decrease of 10.5 million euros in bank overdrafts.

Net financial debt amounted to 4,121.2 million euros as at 31 December 2015, representing an increase of 272.1 million euros compared to 31 December 2014.

The change between these two dates primarily stems from the following:

- improvement in value of 27.9 million euros in hedging instruments; which has a positive impact on equity

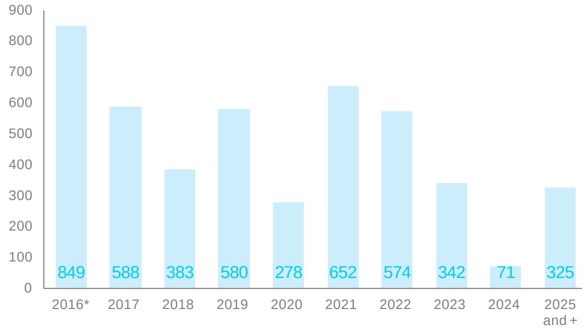
♦ cash decrease of around 27 million euros.

Debt by maturity date

The maturity schedule of debt drawn (excluding overdrafts) by Icade as at 31 December 2015 is shown below:

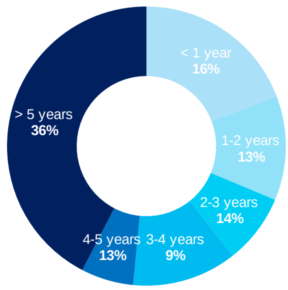
MATURITY SCHEDULE OF DRAWN DEBT

(31 December 2015, in millions of euros)



BREAKDOWN OF DEBT BY MATURITY

(31 December 2015)



**Including 303 million euros in commercial paper*

The average residual debt maturity as at 31 December 2015 stood at 4.5 years (excluding commercial paper) whereas as at 31 December 2014 it stood at 4.7 years. The financings raised in 2015, especially the seven year bond issue, allowed the maintenance of the average maturity of Icade debt at over four years.

Debt by business

After allocation of intra-group refinancing, close to 100% of the Group's debts concern the Property Investment division, the share allocated to the Property Development division being insignificant.

Average cost of debt

The average cost of financing for the year 2015 stood at 1.94% before hedging and 2.71% after hedging, versus 1.97% and 3.07% respectively, in 2014,

The average cost of financing decreased strongly between 2014 and 2015, through the proactive management of financing and new debt issues (bonds and commercial paper).

Interest rate risk

The monitoring and management of financial risks are centralised within the Financing and Cash Management Division.

This department reports on a monthly basis to Icade's Risk, Rates, Treasury and Finance Committee on all matters related to funding, investment, interest-rate risk management and liquidity management.

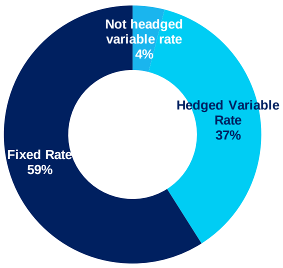
Changes in financial markets can entail a variation in interest rates, which may be reflected in an increase in the cost of refinancing. To finance its investments, Icade uses hedging instruments to minimise interest rate risk since it also has access to floating-rate debt.

The variable rate debt represents, before hedging, nearly 41% of its total debt as at 31 December 2015 (excluding debts associated with equity interests and bank overdrafts).

Icade continued its prudent debt management policy over the financial year 2015, maintaining a limited exposure to the interest rate risk while profiting from low rates, by setting up appropriate hedging contracts allowing to cover a future financing need (vanilla swaps) and substituting historical caps, having elevated strikes, with new caps having the same features with lowered strikes.

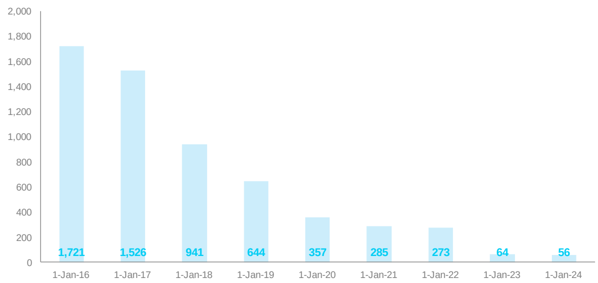
BREAKDOWN OF DEBT BY RATE TYPE (EXCLUDING DEBT INVESTMENT RELATED INVESTMENTS AND BANK OVER DRAFTS)

(31 December 2015)



OUTSTANDING DEBT FROM HEDGES *

(31 December 2015, in millions of euros)



*excluding notionals from floors (in hedges of the same financing as the caps)

The major part of debt (95.8%) is protected against an increase in interest rates (fixed rate debt or variable rate debt covered by swaps or rate options). The notional amounts of derivatives are summarised in the graph above.

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

	31/12/2015									
	Financial assets (a)		Financial liabilities (b)		Net exposure before hedging (c) = (b) - (a)		Rate hedging instrument (d)		Net exposure after hedging (e) = (d) - (c)	
(in millions of euros)	Fixed Rate	Floating Rate	Fixed Rate	Floating Rate	Fixed Rate	Floating Rate	Fixed Rate	Floating Rate	Fixed Rate	Floating Rate
Less than one year	3.1	584.3	359.8	541.2	356.7	(43.1)	-	195.6	(356.7)	238.7
One to two years	-	-	77.6	515.4	77.6	515.4	-	884.9	(77.6)	369.5
Two to three years	-	-	30.6	350.9	30.6	350.9	-	296.4	(30.6)	(54.5)
Three to four years	-	-	529.3	51.0	529.3	51.0	-	305.1	(529.3)	254.1
Four to five years	-	-	29.2	239.7	29.2	239.7	-	73.2	(29.2)	(166.5)
More than five years	26.7	0.3	1,698.6	249.1	1,671.9	248.8	-	285.5	(1,671.9)	36.7
TOTAL	29.8	584.7	2,725.2	1,947.4	2,695.4	1,362.7	-	2,040.7	(2,695.4)	678.0

The average life of variable rate debt is 2.6 years; and 2.9 years for related hedges, allowing adequate hedging, and anticipating coverage of a future financing need.

Finally, Icade favours the qualification of its hedging instruments as "cash flow hedge", according to IFRS standards; this has the effect of noting the changes in fair value of these instruments in equity (for efficiency), and not in profit/(loss).

Considering the profile of the year and the change in interest rates, the changes in fair value of hedging instruments have a positive impact on equity of 26.9 million euros.

5.3. Financial rating

Icade has been rated by the Standard & Poor's agency since September 2013.

After its annual review, Standard & Poor's confirmed in August 2015 the long term rating for Icade of BBB+ with a stable outlook, as well as A2 in the short term. The rating, in its entirety, was reiterated by the agency following the presentation of the Group's strategic orientations last 30 November.

5.4. Financial structure

Financial structure ratios

LTV (*loan-to-value*)

The LTV ratio which reports net financial debts in re-assessed property assets excluding duties, total share, increased by development companies and services was 38.0% as at 31 December 2015 (versus 36.9% as at 31 December 2014).

This ratio remains well below the ceiling levels to be met under the financial covenants stipulated in the banking documentation (50% and 52% in the majority of cases where this ratio is mentioned as a covenant). These covenants do not include the values of development and services companies in the calculation of the ratio, which place it at 39.5% (versus 38.2% as at 31 December 2014).

If the value of the assets used for its calculation was appraised including duties, and if the fair value of the rates derivatives was not included in the net debt, the adjusted LTV ratio would stand at 35.5% as at 31 December 2015.

ICR (interest coverage ratio)

The interest Coverage ratio (ICR) by the operating profit/(loss) (net of depreciation) was 2.52x over the financial year 2015. This ratio is down compared to previous year (4.74x in 2014), considering mainly the impacts of the provisions for impairment for the year. Brought to EBITDA, this ratio is 4.05x.

	31/12/2015	31/12/2014
Ratio of net financial debt/revalued assets (LTV)[1]	38.0%	36.9%
Interest coverage ratio by operating profit, net of depreciation (ICR)	2,52x	4.74x

1 *Combines the value in the balance sheet of development and service companies as well as the financial debt of the public-private partnerships.*

Covenant monitoring table

		Covenants	31/12/2015
LTV Covenant (1)	Maximum	<50% or <52%	39.5%
ICR	Minimum	> 2	2,52x
CDC Control	Minimum	34%	51.94%
Value of Property Investment assets (2)	Minimum	> 1.7 billion euros > 4 billion euros > 5 billion euros > 7 billion euros	10.4 billion euros
Debt from property development subsidiaries/consolidated gross debt	Maximum	< 20%	0.6%
Guarantees on assets	Maximum	< 20% of property investment assets	9.7%

(1) Around 89% of the debt concerned by a covenant on LTV has a 52% limit and the remaining 11% has a limit of 50%.

(2) Around 5% of the debt concerned by a covenant on the asset values of Property Investment has a limit of 1.7 billion euros, 15% of the debt has a limit of 3 billion euros, 12% of the debt has a limit of 5 billion euros and the remaining 68% has a limit of 7 billion euros.

The covenants were observed as at 31 December 2015.

6. PRO FORMA 2014

Financial statements as at 31 December 2014 were restated in order to take into account the transfer of the entities from the Services division in "profit/(loss) of discontinued operations". Additionally, the pro-forma statements below also take into account the transfer of the Healthcare activity, which was historically aggregated in the Commercial Property Investment division, into a new Healthcare Property Investment division.

6.1. Current and Non-Current Income Statement

	Published 31/12/2014		31/12/2014 Restated		
(in millions of euros)	Total	Restatements	Total	including Current	including Non-current
Revenue	**1,759.8**	**(41.5)**	**1,718.3**	**1,718.3**	**-**
Income from operating activity	1,764.1	(42.1)	1,722.0	1,722.0	-
Purchases used	(958.0)	1.7	(956.3)	(956.3)	-
Outside services	(114.5)	6.1	(108.4)	(108.4)	-
Tax, duty and similar payments	(13.2)	0.7	(12.5)	(12.5)	-
Personnel charges, profit sharing and share incentive scheme	(150.0)	29.6	(120.5)	(120.5)	-
Other charges related to the activity	(5.6)	1.0	(4.6)	(4.6)	-
Charges on operating activities	**(1,241.3)**	**39.0**	**(1,202.2)**	**(1,202.2)**	**-**
EBITDA	522.8	(3.0)	519.7	519.7	-
Depreciation charges net of investment grants	(274.0)	0.5	(273.5)	-	(273.5)
Charges and reversals related to impairment on tangible, financial and other current assets	(5.5)	-	(5.5)	-	(5.5)
Profit/(loss) on acquisitions	-	-	-	-	-
Profit/loss from disposals	99.1	-	99.1	-	99.1
Impairment on goodwill and intangible assets	(1.0)	0.2	(0.8)	-	(0.8)
Share in profit/loss of equity-accounted companies	6.2	-	6.2	12.7	(6.5)
OPERATING PROFIT/(LOSS)	347.6	(2.4)	345.2	532.5	(187.3)
Cost of gross debt	(149.6)	-	(149.6)	(149.6)	-
Net income from cash and cash equivalents, related loans and receivables	18.6	-	18.6	18.6	-
Net cost of debt	**(131.0)**	**-**	**(131.0)**	**(131.0)**	**-**
Adjustment of the value of derivatives and other discounts (ORNANEs)	(5.3)	-	(5.3)	-	(5.3)
Other financial income and charges	(4.4)	-	(4.4)	(4.4)	-
FINANCIAL PROFIT/(LOSS)	(140.7)	-	(140.7)	(135.4)	(5.3)
Corporate tax	(34.0)	1.7	(32.3)	(31.9)	(0.3)
Profit/(loss) from discontinued operations	-	0.6	0.6	2.0	(1.4)
NET PROFIT/(LOSS)	172.8		172.8	367.2	(194.3)
Profit/(loss): share of non-controlling interests	21.3	-	21.3	49.2	(27.9)
NET PROFIT/(LOSS): GROUP SHARE	151.5	-	151.5	318.0	(166.4)

6.2. EPRA income statement - Property Investment

(in millions of euros)	31/12/2014 published	restatements	31/12/2014 restated	Property Investment (EPRA)	Non-recurring
RENTAL INCOME	556.0	-	556.0	556.0	-
Property investment charges	(2.4)	-	(2.4)	(2.4)	-
Rental charges not recovered	(33.2)	-	(33.2)	(33.2)	-
Charges on buildings	(2.3)	(1.4)	(3.7)	(3.7)	-
Net rental income	518.0	(1.4)	516.6	516.6	-
Margin (net rents/rental income)	*93.2%*		*93.1%*	*92.9%*	*0.0%*
Net functioning costs	(52.8)	1.4	(51.4)	(51.4)	-
Profit/(loss) from other activities	0.4	-	0.4	0.4	-
EBITDA	465.6	-	465.7	465.7	-
Amortisation and impairment of operating assets	(14.3)	-	(14.3)	(8.0)	(6.3)
CURRENT OPERATING PROFIT/(LOSS)	451.3	-	451.3	457.6	(6.3)
Depreciation and impairment of investment properties	(264.3)	-	(264.3)	-	(264.3)
Profit/loss from disposals	98.6	-	98.6	-	98.6
Impairment on acquisition differences	-	-	-	-	-
Share in profit/loss of equity-accounted companies	(1.4)	-	(1.4)	5.1	(6.6)
OPERATING PROFIT/(LOSS)	284.2	-	284.2	462.8	(178.5)
Cost of gross debt	(149.5)	-	(149.5)	(149.5)	-
Net income from cash and cash equivalents, related loans and receivables	15.6	-	15.6	15.6	-
Cost of net debt	(133.9)	-	(133.9)	(133.9)	-
Adjustment to the value of derivatives and other discounts	(5.3)	-	(5.3)	-	(5.3)
Other financial income and charges	(5.1)	-	(5.1)	(5.1)	-
FINANCIAL PROFIT/(LOSS}	(144.3)	-	(144.3)	(139.0)	(5.3)
Corporate tax	(7.1)	-	(7.1)	(6.9)	(0.2)
Profit/(loss) from discontinued operations		0.6	0.6	-	0.6
NET PROFIT/(LOSS)	132.9	0.6	133.6	316.9	(183.3)
Profit/(loss): share of non-controlling interests	19.2	-	19.2	47.0	(27.8)
NET PROFIT/(LOSS): ATTRIBUTABLE TO OWNERS OF THE COMPANY	113.8	0.6	114.4	269.9	(155.5)

6.3. Net rents Property Investment Division

(in millions of euros)	31/12/2014 published	Restatements	31/12/2014 restated	
France Offices	158.7	-	158.7	92.4%
Business parks	191.8	-	191.8	88.9%
STRATEGIC ASSETS	350.5	-	350.5	90.5%
ALTERNATIVE ASSETS	140.0	(140.0)		
NON-STRATEGIC ASSETS	21.8	-	21.8	66.6%
Intra-group businesses - Property Investment	5.8	(1.4)	4.4	
COMMERCIAL PROPERTY INVESTMENT	518.1	(141.4)	376.6	90.9%

6.4. EPRA cost ratio (Property Investment)

		Published 31/12/2014	restatements	31/12/2014 Restated
	Includes:			
(i)	Structural expenses and other overheads	(82.5)	(7.6)	(90.1)
(ii)	Rental charges net of re-invoicing	(29.3)	(1.5)	(30.8)
(iii)	Management fees net of actual/estimated margins		-	-
(iv)	Other re-invoicing covering overheads	33.6	9.1	42.7
(v)	Share of overheads and expenses of equity-accounted companies	(3.1)	-	(3.1)
(vi)	Share of overheads and charges allocated to non-controlling interests	4.5	-	4.5
	Excludes:			
(vii)	Depreciation of investment properties	-	-	-
(viii)	Land leasing costs	(2.4)	-	(2.4)
(ix)	Other property charges incorporated into rental revenues	(0.1)	-	(0.1)
(a)	EPRA COSTS (INCLUDING VACANCY COSTS)	(74.2)	-	(74.2)
(x)	Minus: Vacancy expenses	(27.7)	-	(27.7)
(b)	EPRA COSTS (EXCLUDING VACANCY COSTS)	(46.5)	-	(46.5)
(xi)	Gross rental revenues minus land leasing costs	538.5	-	538.5
(xii)	Other property charges incorporated into rental revenues	-	-	-
(xiii)	Plus: share of rental income less property investment charges of equity accounting	10.4	-	10.4
(xiv)	Share of rental income less charges from property investment allocated to non-controlling interests	(61.6)	-	(61.6)
(c)	RENTAL INCOME	487.2	-	487.2
(a/c)	EPRA COST RATIO PROPERTY INVESTMENT (INCLUDING VACANCY COSTS)	15.2%		15.2%
(b/c)	RATIO OF EPRA PROPERTY INVESTMENT COSTS (EXCLUDING VACANCY COSTS)	9.5%		9.5%