



## ICADE: FAVORABLE DYNAMIC ACROSS ALL BUSINESS LINES IN Q3 2017

- Commercial Property Investment: Continued increase in the financial occupancy rate to 92.3%, up +0.3 pp from June 2017
- Healthcare Property Investment: Framework agreement signed between Icade Santé and Korian, paving the way for new opportunities in the nursing home sector (EHPAD)
- Property Development: Sharp increase in economic revenue<sup>1</sup> to €811.1 million over 9M 2017 (+32%)
- Takeover of ANF Immobilier: agreement to acquire Eurazeo's controlling interest in ANF Immobilier signed on October 11, subject to conditions precedent
- Launch of Icade's inaugural Green Bond in early September: €600 million, 10-year bond with a coupon of 1.50%, whose proceeds will be used to finance green assets and projects
- ESG : Icade at the top of rating agencies' rankings, GRESB, EPRA and Vigeo
- Icade new headquarters in Issy-les-Moulineaux: OPEN building—100% flexible office space
- 2017 outlook confirmed for net current cash flow per share: growth of around 7%

### 1. REVENUE AS OF SEPTEMBER 30, 2017

As of September 30, 2017, Icade's consolidated revenue stood at €1,152.9 million, up 16.1% year-on-year, driven by Property Development (+28.2%).

(in millions of euros)

	09/30/2017	09/30/2016	Change (%)	Like-for-like change (%)
Gross rental income from Commercial Property Investment	279.7	282.4	(1.0)%	(0.4)%
Gross rental income from Healthcare Property Investment	159.7	154.8	3.2%	0.2%
Property Development revenue	719.2	561.1	28.2%	28.2%
Other revenue	(5.7)	(5.0)	-	-
<b>CONSOLIDATED REVENUE</b>	<b>1,152.9</b>	<b>993.3</b>	<b>16.1%</b>	<b>16.9%</b>

<sup>1</sup> Economic revenue: IFRS revenue adjusted from IFRS 11

## 2. PROPERTY INVESTMENT DIVISION

### 2.1. Commercial Property Investment

#### Rental income:

(in millions of euros)	09/30/2016 restated*	Acquisitions/ completions	Disposals/ redevelopments	Rent escalation	Leasing activity	09/30/2017	Change (%)	Like-for- like change (%)
Offices	125.3	19.1	(17.5)	0.6	0.8	128.2	2.4%	1.3%
Business parks	148.2	15.2	(18.1)	1.0	(2.3)	144.1	(2.8)%	(1.1)%
<b>TOTAL OFFICE AND BUSINESS PARK</b>	<b>273.5</b>	<b>34.3</b>	<b>(35.6)</b>	<b>1.6</b>	<b>(1.5)</b>	<b>272.3</b>	<b>(0.4)%</b>	<b>0.0%</b>
Other assets	13.2	-	(1.1)	0.0	0.1	12.2	(7.6)%	0.7%
Intra-group transactions from Commercial Property Investment	(4.3)	-	-	-	(0.5)	(4.8)		
<b>GROSS RENTAL INCOME</b>	<b>282.4</b>	<b>34.3</b>	<b>(36.7)</b>	<b>1.7</b>	<b>(1.9)</b>	<b>279.7</b>	<b>(1.0)%</b>	<b>(0.4)%</b>

\* Reclassification of the Axe Seine building from the business park segment to the office segment

Gross rental income from Commercial Property Investment totalled €279.7 million as of September 30, 2017, down 1.0% compared to September 30, 2016. In the office and business parks segment, rental income was stable on a like-for-like basis.

Rental income rose by 2.4% in the office segment (+1.3% like-for-like) and declined by 2.8% in the business parks segment (-1.1% like-for-like) following the disposal of non-core business parks carried out in 2016.

Changes in scope of consolidation (acquisitions, completions and asset disposals) had an impact of -€1.4 million on rental income:

- +€15.1 million positive impact from **acquisitions** made in 2016 (Orsud, Parissy and Arc Ouest buildings)
- +€16.5 million in additional rental income from asset **completions**, including the Véolia (+€9.0 million) and Millénaire 4 (+€6.2 million) buildings in the Millénaire business park in 2016, and Défense 4/5/6 (+€0.9 million) completed in 2017 in Nanterre
- +€2.7 million from the rent guarantee linked to the completion of the first phase of the **Go Spring off-plan purchase project** in 2017
- -€34.7 million decrease in rental income due to the **disposals** carried out in 2016 and 2017 (including 3 office buildings in Villejuif)

#### Analysis of leasing activity: (See Appendix)

**New leases starting** in 9M 2017 represented **104,147** sq.m, of which **45,312** sq.m during the quarter ended.

**On a like-for-like basis, the main exits from the portfolio of leased space** totalled 9,842 sq.m during the period, the largest one being the departure of Tarkett France (3,785 sq.m) in the Portes de Paris business park.

The first 9 months of 2017 saw the renewal of **38 leases** representing a combined floor area of 121,444 sq.m and annualised rental income of €26.8 million (with 14 leases renewed in Q3 for 18,713 sq.m and €3.0 million in headline rents). The weighted average unexpired lease term of these renewed leases over the last 9 months stood at 7 years.

**On average 9M, these leases were signed with rents 2.9% higher than the respective properties' estimated rental value.**

Most leases renewed in 9M 2017 related to office assets, including:

- LCL for the Rhin and Loire buildings situated in Villejuif (30,000 sq.m)
- IFF for the Crystal Park building in Neuilly-sur-Seine (5,500 sq.m)
- AXA for the Axe 13 building in Nanterre (16,400 sq.m)

The **weighted average unexpired lease term** for the Commercial Property Investment Division was 4.9 years, stable compared to June 30, 2017.

The financial occupancy rate reached 92.3%, a 0.3 pp increase from June 30, 2017 (+0.5 pp for offices and stable for business parks). A +0.3 pp rise was recorded on a like-for-like basis.

Asset class	Financial occupancy rate (in %)**				Weighted average unexpired lease term (in years)**	
	09/30/2017	12/31/2016 restated***	06/30/2017	Like-for-like change*	09/30/2017	06/30/2017
Offices	95.8%	94.6%	95.3%	+0.4 pp	6.2	6.2
Business parks	89.1%	88.1%	89.1%	+0.2 pp	3.7	3.7
<b>OFFICES &amp; BUSINESS PARKS</b>	<b>92.3%</b>	<b>91.1%</b>	<b>92.0%</b>	<b>+0.4 pp</b>	<b>4.9</b>	<b>4.9</b>
Warehouses	100.0%	84.7%	84.9%	+10.5 pps	2.1	2.2
<b>COMMERCIAL PROPERTY INVESTMENT</b>	<b>92.3%</b>	<b>91.1%</b>	<b>92.0%</b>	<b>+0.3 pp</b>	<b>4.9</b>	<b>4.9</b>

\* Change between June 2017 and September 2017, excluding completions, acquisitions and disposals for the period

\*\* Based on proportionate consolidation

\*\*\* Reclassification of the Axe Seine building from the business park segment to the office segment

New leases signed since the beginning of the year added up to 110,382 sq.m (53,090 sq.m during the quarter ended), equivalent to €24.6 million in rental income.

New leases signed in 9M 2017 which are scheduled to start after September 30, 2017 represented an aggregate floor area of 54,900 sq.m.

The quarter was marked by the signing of an off-plan lease agreement for the Fontanot office building located in Nanterre (Hauts-de-Seine). This off-plan agreement provides for the leasing of 15,700 sq.m for a term of 12 years with no break option. A major overhaul of the building will start in Q1 2019 and is scheduled for completion at the end of 2020, while the lease should start in Q1 2021.

#### Cumulative investments since January 1, 2017:

(in millions of euros)	Operating asset acquisitions	Off-plan acquisitions	Projects under development	Other CAPEX	Other	Total
Offices	5.9	88.8	13.6	40.0	2.8	151.1
Business parks	0.0	0.0	29.9	30.5	0.4	60.8
<b>OFFICES &amp; BUSINESS PARKS</b>	<b>5.9</b>	<b>88.8</b>	<b>43.5</b>	<b>70.4</b>	<b>3.3</b>	<b>211.9</b>
Other assets	0.0	0.0	0.0	1.0	0.3	1.3
<b>COMMERCIAL PROPERTY INVESTMENT</b>	<b>5.9</b>	<b>88.8</b>	<b>43.5</b>	<b>71.4</b>	<b>3.6</b>	<b>213.2</b>

Investments for the period amounted to €213.2 million (vs. €204.2 million as of September 30, 2016).

Off-plan purchases represented €88.8 million and included the following:

- Gambetta (20<sup>th</sup> district of Paris) for €71.2 million. Completion is scheduled for 2019 (20,000 sq.m including 16,000 sq.m of offices and 4,000 sq.m of shops with 3,300 sq.m already pre-leased under a 12-year off-plan lease agreement)

- Go Spring (Nanterre) for €16.2 million, with the second phase (18,500 sq.m) due to be completed in 2019 and already 75% pre-leased to Franfinance, a subsidiary of Société Générale
- Eko Active (Marseille) for €1.4 million (8,300 sq.m of office space to be completed in 2019).

Investments in the development pipeline (€43.5 million) related primarily to the Origine, Pulse and Défense 4/5/6 projects.

#### Asset disposals:

As of September 30, 2017, **disposals** carried out since the beginning of the year amounted to €247.7 million and related mainly to three of the five office assets located in Villejuif (42,600 sq.m) and sold to LCL for €226.0 million (two of these disposals took place in H1).

In Rhin and Loire (totalling 30,000 sq.m), the two buildings that were not sold, the leases with French bank LCL were renewed for terms of 7 and 9 years, respectively.

Other disposals relate to non-strategic assets and represent €21.7 million.

These asset disposals generated a total capital gain of €76.9 million.

## 2.2. Healthcare Property Investment

#### Rental income:

<i>(in millions of euros)</i>	09/30/2016	Acquisitions/ completions	Disposals/ redevelopments	Rent escalation	Leasing activity	09/30/2017	Change (%)	Like-for- like change (%)
GROSS RENTAL INCOME	154.8	4.9	(0.3)	0.7	(0.3)	159.7	3.2%	0.2%

Rental income stood at €159.7 million on September 30, 2017, an increase of 3.2% compared to September 30, 2016 (€154.8 million). On a like-for-like basis, the change was +0.2%.

Changes in scope of consolidation (acquisitions / completions) brought an additional €4.9 million in rental income (positive impact of the Tarbes, Mas Helios and Domont healthcare facilities, among others).

#### Analysis of leasing activity on a like-for-like basis:

Asset class	Financial occupancy rate <i>(in %)**</i>			Weighted average unexpired lease term <i>(in years)**</i>	
	09/30/2017	06/30/2017	Like-for-like change*	09/30/2017	06/30/2017
HEALTHCARE PROPERTY INVESTMENT	100.0%	100.0%	+0.0 pp	7.7	7.9

\* Excluding completions, acquisitions and disposals for the period

\*\* Based on proportionate consolidation

The financial occupancy rate stood at 100% as of September 30, 2017.

The weighted average unexpired lease term was 7.7 years and was down by only 0.2 year compared with June 30, 2017.

#### Cumulative investments since January 1:

(in millions of euros)	Asset acquisitions	Projects under development	Other CAPEX	Other	Total
<b>HEALTHCARE PROPERTY INVESTMENT</b>	<b>133.5</b>	<b>65.1</b>	<b>30.6</b>	<b>1.0</b>	<b>230.2</b>

Over 9M 2017, Icade Santé's investments totalled €230.2 million (vs. €156.1 million during the same period last year).

Development work relates primarily to the Courlancy facility in Bezannes (Marne), Croix du Sud in Quint-Fonsegrives (Haute-Garonne) and Bromélia in Saint-Herblain (Loire-Atlantique).

The Healthcare Property Investment Division also made acquisitions for a total of €133.5 million (including duties and fees), including:

- €43.3 million for the Ormeau MSO polyclinic in Tarbes (Hautes-Pyrénées), acquired from the Médipôle Partenaires group
- €76.4 million for the Saint-Roch polyclinic acquired in Cabestany (Pyrénées-Orientales)
- €9.8 million for the Helios disability care home in Saint-Germé (Gers) (Clinipôle group)

In addition, Icade Santé and the Korian group signed a framework agreement including support for Korian in carrying out its real estate development projects. This partnership will focus on an initial group of 15 new buildings to be completed by 2020 in France. It includes the development, design and construction of the facilities by Icade Promotion as part of property development contracts. Korian has a purchase option for each building, exercisable before its completion. Icade Santé may also announce its intention to buy these buildings (accommodation facilities for dependent elderly persons (EHPAD) or follow-up and rehabilitation care (FRC) facilities) as part of off-plan lease agreements.

#### Asset disposals:

Asset disposals carried out in 9M 2017 represented €5.6 million (net selling price) and related to the sale of the Les Chênes d'Aire-sur-l'Adour polyclinic to its new operator, the Clinifutur group.

### 3. PROPERTY DEVELOPMENT DIVISION

(in millions of euros)	09/30/2017			09/30/2016			Change
	IFRS	Reclassification of joint ventures	Total	IFRS	Reclassification of joint ventures	Total	
Residential Property Development	494.2	39.3	533.5	392.0	20.7	412.7	29.3%
Commercial Property Development	225.1	52.6	277.6	169.1	34.9	204.0	36.1%
<b>REVENUE (a)</b>	<b>719.2</b>	<b>91.9</b>	<b>811.1</b>	<b>561.1</b>	<b>55.6</b>	<b>616.7</b>	<b>31.5%</b>

(a) Revenue based on the percentage of completion method, taking into account the stage of completion of commercial and construction work of each project.

The economic revenue of the Property Development Division reached €811.1 million as of the end of September 2017, a significant increase compared to Q3 2016 revenue (+32%).

The revenue of the **Residential Property Development business** amounted to €533.5 million as of the end of September 2017, a 29% increase from the same period in 2016. This increase results, on the one hand, from the progress of works in development projects and, on the other hand, from the increase of notarised sales attributable to higher housing orders since the beginning of 2016.

As of September 30, 2017, the revenue of the **Commercial Property Development business** stood at €277.6 million, a 36% rise compared to the same period last year. This strong growth can be mainly explained by the numerous contracts signed in the past two years, which have contributed greatly to 2017 revenues, the largest contributors being the Twist (10,400 sq.m) and Thémis (10,655 sq.m) projects, both located in the Clichy Batignolles development zone in Paris, as well as the Nouméa hospital and the "Montpellier-Sud de France" high-speed train (TGV) station.

This trend will support the revenue growth which is expected for the year 2017 in both Property Development divisions.

	09/30/2017	09/30/2016	Change (%)	12/31/2016
<b>Orders for new residential units and building plots</b>				
Housing orders (in number of units) <sup>1</sup>	3,616	3,487	3.7%	5,665
Housing orders (in millions of euros including taxes)	696.6	707.5	(1.5)%	1,114.8
Residential – order cancellation rate (in %)	18%	16%	2.0%	14%
<b>Average sale price and average floor area based on housing orders</b>				
Average price including taxes per habitable sq.m (in €/sq.m)	3,597	3,752	(4.1)%	3,671
Average budget including taxes per housing unit (in €k)	193.0	205.0	(5.9)%	198.0
Average floor area per housing unit (in sq.m)	53.7	55.0	(2.4)%	54.0
<b>Breakdown of housing orders by type of customer (in %)</b>				
Home buyers	25.5%	26.0%		20.9%
Private investors	41.5%	45.2%		39.7%
Institutional investors	33.0%	28.8%		39.4%
<b>Property Development backlog and service order book</b>	<b>1,424.9</b>	<b>1,620.0</b>	<b>(12.0)%</b>	<b>1,597.0</b>
Residential Property Development (incl. subdivisions)	1,091.0	984.4	10.8%	1,058.2
Commercial Property Development / Public and Healthcare Amenities Development	305.5	601.5	(49.2)%	509.1
Order book for Services & Project Management Support operations	28.4	34.1	(16.8)%	29.7

<sup>1</sup> "Units" mean the number of residential units or equivalent residential units (for mixed developments) of any given development.

The number of equivalent residential units is determined by dividing the floor area by type (business premises, shop, office) by the average floor area of residential units calculated during the preceding quarter.

### 3.1 Residential

Net orders for new residential units reached 3,616 units over 9M 2017, up 3.7% in volume terms compared with the previous year. The decline in orders reported this quarter is partly due to a wait-and-see attitude in anticipation of the announcement by the French government of measures on tax incentives for private investment.

In September, the government announced that the mechanisms in place promoting home ownership and rental investments in difficult areas will be continued for another 4 years, which is very positive news for private investors. As of the end of September, 41.5% of housing orders involved the use of these mechanisms.

Notarised sales have grown sharply since the beginning of the year, reaching 3,182 sales as of September 30, 2017, a 23% increase on a year-on-year basis.

The backlog of the Residential Property Development business expanded by 10.8% compared to September 30, 2016 as housing orders grew.

The land portfolio of the Residential business consisted of 11,819 units and potential revenue including tax of €2.5 billion, i.e. +10% compared to Q3 2016 (10,729 units for €2.2 billion). This increase reflects the acceleration in the proactive development policy pursued by the Property Development Division since the beginning of 2016.

### 3.2 Commercial

After high levels in 2016, the backlog for Commercial Property Development / Public and Healthcare Amenities Development as of the end of September 2017 was down to €305.5 million, as a result of the progress made on large-scale projects signed in 2016 and the low level of new contracts signed compared to last year.

As of the end of September 2017, the "Commercial/Offices" project portfolio represented 492,530 sq.m, including projects in the execution phase for 179,900 sq.m and projects in the development phase for 312,630 sq.m.

The portfolio of Public and Healthcare Amenities development projects represented 220,192 sq.m, including 84,942 sq.m in the execution phase and 135,250 sq.m in the development phase.

## 4. FINANCING

### Launch of Icade's inaugural Green Bond

At the beginning of September, Icade issued its first Green Bond for a total of €600 million, with a maturity of 10 years and an annual coupon of 1.50%. These funds were raised with an 80-bp spread over the reference rate and a negative new issue premium.

This issue, which was 3 times oversubscribed, was met with great success, especially with French and international SRI investors. It allowed Icade to broaden its bond investor base and continue its policy of optimising its funding structure (extending the average debt maturity and reducing the average cost of debt).

### Credit rating reaffirmed by Standard & Poor's: BBB+ and stable outlook

On August 30, Standard & Poor's affirmed Icade's long-term rating of BBB+, stable outlook and short-term rating of A-2. This rating comes after the agency's annual review.

## 5. OTHER EVENTS

### Agreement signed on October 11 to acquire Eurazeo's controlling interest in ANF Immobilier, subject to conditions precedent

Conditions precedent are expected to be fulfilled by the end of October 2017.

See the dedicated press releases published on July 24 and October 11, 2017.

### Icade at the top of ESG rating agencies' rankings



Icade was named Sector Leader by **GRESB** in the category of listed European diversified companies.

Icade was ranked 1<sup>st</sup> out of 20 real estate investment companies assessed by GRESB (Global Real Estate Sustainability Benchmark). Also, Icade's Property Development business was ranked 10<sup>th</sup> out of 338 companies from around the world.



Icade again received two Gold Awards from **EPRA**—a Gold Sustainability Award for the quality of its environmental reporting and a Gold Award for the quality and transparency of its financial communication.



Icade's score is up 10 points in **Vigeo's** 2017 ranking compared to the previous assessment, moving from 7<sup>th</sup> to 6<sup>th</sup> place out of the 37 European companies assessed.

These ESG ratings reflect the quality and relevance of Icade's CSR policy.

### Icade relocates its headquarters

On September 18, 2017, Icade moved to new headquarters, leaving the Millénaire 1 building, which the company will lease to a major French bank starting in April 2018 (12-year lease for 22,000 sq.m).

Icade has taken advantage of this opportunity to move to new premises, in the newly-refurbished Open building in Issy-les-Moulineaux (9,500 sq.m), which offers a totally flexible work environment (flex office).

This new headquarters and use of workspace will contribute to perform Icade operational efficiency.

## 6. 2017 OUTLOOK: GUIDANCE CONFIRMED

Given the company's favourable outlook, Icade confirms its target growth in Group net current cash flow per share of about 7% compared to 2016.

The Board of Directors has also confirmed that the dividend policy remains based on the trend in net current cash flow per share.

## 7. FINANCIAL CALENDAR

An **Investor Day** will be held on Monday, November 27, 2017. The press release will be published before the market opens.

The **2017 Full Year Results** will be announced on Monday, February 12, 2018. The press release will be published before the market opens.



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## ABOUT ICADÉ

### Building for every future

As an investor and a developer, Icade is an integrated real estate player which designs innovative real estate products and services adapted to new urban lifestyles and habits. By placing corporate social responsibility and innovation at the core of its strategy, Icade is closely involved with stakeholders and users in the cities—local authorities and communities, companies and employees, institutions and associations... As a commercial and healthcare property investor (portfolio value of €9.9bn as of 06/30/17) and as a property developer (2016 economic revenues of €1,005m), Icade is able to reinvent the real estate business and foster the emergence of tomorrow's greener, smarter and more responsible cities. Icade is a significant player in the Greater Paris area and major French cities. Icade is listed on Euronext Paris as a French Listed Real Estate Investment Company (SIIC). Its leading shareholder is the Caisse des dépôts Group.

The text of this press release is available on the Icade website: [www.icade.fr](http://www.icade.fr)

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## APPENDIX

### Analysis of leasing activity of the Commercial Property Investment business:

Asset class	06/30/2017	Changes		09/30/2017	New leases signed in Q3 2017		09/30/2017
	Leased floor area	Additions	Exits	Leased floor area	Impact in Q3 2017	Impact after Q3 2017	Total
		(sq.m)	(sq.m)	(sq.m)	(sq.m)	(sq.m)	(sq.m)
Offices	492,787	2,442	(1,122)	494,107	2,229	16,495	18,724
Business parks	1,000,775	11,006	(8,720)	1,003,062	8,171	9,356	17,527
Warehouses	33,945	4,819	-	38,764	4,819	-	4,819
<b>LIKE-FOR-LIKE SCOPE (A)</b>	<b>1,527,507</b>	<b>18,267</b>	<b>(9,842)</b>	<b>1,535,933</b>	<b>15,219</b>	<b>25,851</b>	<b>41,070</b>
Offices	4,390	20,694	-	25,084	9,231	-	9,231
Business parks	33,705	6,351	(22,493)	17,562	2,789	-	2,789
Warehouses	-	-	-	-	-	-	-
<b>ACQUISITIONS / COMPLETIONS (B)</b>	<b>38,095</b>	<b>27,045</b>	<b>(22,493)</b>	<b>42,646</b>	<b>12,021</b>	<b>-</b>	<b>12,021</b>
<b>SUBTOTAL</b>	<b>1,565,602</b>	<b>45,312</b>	<b>(32,335)</b>	<b>1,578,579</b>	<b>27,239</b>	<b>25,851</b>	<b>53,090</b>
Offices	20,652	-	(20,652)	-	-	-	-
Business parks	-	-	-	-	-	-	-
Warehouses	30,003	-	(30,003)	-	-	-	-
<b>DISPOSALS (C)</b>	<b>50,655</b>	<b>-</b>	<b>(50,655)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COMMERCIAL PROPERTY INVESTMENT (A)+(B)+(C)</b>	<b>1,616,256</b>	<b>45,312</b>	<b>(82,990)</b>	<b>1,578,579</b>	<b>27,239</b>	<b>25,851</b>	<b>53,090</b>