



## ICADE ANNOUNCES ITS STRATEGIC PLAN FOR 2024–2028

### *ReShapE*

Icade today presents its new strategic plan ReShapE to 2028 at its Investor Day in the Paris Orly-Rungis business park.

In response to the profound changes in the way we live and work in our buildings and neighbourhoods as well as the major climate-related challenges facing society, **Icade has set the following four strategic priorities to 2028:**

- **Further adapting the office portfolio to changes in demand:** resilience of existing supply, conversion and/or disposal of specific assets and increased pipeline selectivity;
- **Accelerating portfolio diversification in line with the growing need for mixed uses:** light industrial units, student housing and data centers;
- **Building the 2050 city to be diverse, innovative and sustainable;**
- **Maintaining a strong financial structure** through a balanced allocation of capital by financing value-creating projects and helping to reduce the Group's debt.

#### Further adapting the office portfolio to changes in demand

Icade has a high-quality office portfolio<sup>1</sup>, 86% of which meets customer expectations in terms of centrality, flexibility, services and amenities, and environmental performance. Icade has confidence in the long-term relevance of these well-positioned offices.

The Company also provides a wide range of services to improve how buildings are used and reduce their carbon footprint while making the needs of its customers its primary concern.

Despite cyclical pressure on rent prices (difference between estimated rental values and current rents assessed at -8.7%<sup>2</sup>), the resilience of the well-positioned office portfolio is reflected in:

- The **historically high financial occupancy rate of over 90%**;
- **High and rising levels of customer satisfaction**, as shown by the improved Net Promoter Score (+14 points in 2023 vs. +6 points in 2022); and
- **Long-term relationships forged with customers** who have been tenants on average for almost 9 years.

Icade believes that only 14% of its office assets are no longer in line with current expectations and as such need to be converted. The conversion of these assets is presently under consideration, with projects identified for about half of them. Among the most advanced projects:

- The Helsinki and Iéna buildings will be converted into a hotel and an apartment hotel designed to provide the Paris Orly-Rungis business park with additional services and amenities;
- Nearly 24,000 sq.m of office space in the Inner Ring of Paris in Le Plessis-Robinson will be converted into 649 housing units by the Property Development Division.

<sup>1</sup> Office properties were worth a total of €5.3bn on a proportionate consolidation basis, i.e. 82% of the Group's total portfolio as of December 31, 2023

<sup>2</sup> As of December 31, 2023 for the well-positioned office portfolio

Icade has significantly reduced its office pipeline and is highly selective when it comes to its new investments (location, target YoC<sup>3</sup>, percentage pre-let). In H2 2023, only the flagship 29-33 Champs-Élysées project representing 12,000 sq.m of office and retail space was added to the pipeline after the building permit was obtained.

## Accelerating portfolio diversification in line with the growing need for mixed uses

Over the period covered by the Plan, Icade aims to further diversify its portfolio into segments with solid fundamentals and in which the Group already has expertise. Priority will be given to developing these value-creating projects on the Group's land bank in its two long-standing business parks, namely Portes de Paris and Paris Orly-Rungis.

- **Light industrial**<sup>4</sup>
  - o Icade owns a portfolio of **various light industrial properties** (workshops, TV studios, warehouses, etc.) worth a total of €703m on a proportionate consolidation basis as of December 31, 2023. These assets are located in the business parks that the Group has enhanced by providing services, amenities and events for users as well as through concrete measures to promote low-carbon transition and biodiversity. This asset class attracts **world-renowned tenants** such as Pierre Hermé, Lenôtre, LVMH, Schindler, etc. **Operating indicators are solid** (financial occupancy rates between 91% and 94% over the past three years, estimated rental values up +16% on average since 2020) and **show potential for growth** (potential positive reversion of +4.3%).
  - o **Five development projects have been identified in the Paris Orly-Rungis business park to date, representing roughly €150m in investments and €14m in annual rental income.**
- **Student housing**
  - o In this structurally undersupplied market, Icade's Property Development Division has real **expertise in building next-generation student residences**, developed for well-known operators such as Uxco Group, The Boost Society, etc. Since 2015, Icade's Property Development Division has built 16 student residences with over 4,000 beds and has a pipeline of 9 other residences to be completed by 2028 with around an additional 2,300 beds.
  - o **One project has been identified in the Portes de Paris business park to date, representing around €75m in investments and €4.3m in annual rental income.**
- **Data centers**
  - o To meet the growing need for data centers, Icade has a number of **competitive advantages that will allow it to step up its growth in this segment**<sup>5</sup>. Our close relationships with local authorities, well-located land and track record with major market operators allow us to envisage projects on a larger scale.
  - o **Two projects have been identified in the Portes de Paris business park to date, representing around €76m in investments and €5.2m in annual rental income, as well as a 130 MW hyperscale project in the Paris Orly-Rungis business park, totalling €280m in investments and around €20m in annual rental income by 2030.**

## Building the 2050 city to be diverse, innovative and sustainable

The need to improve the mix of uses and tackle climate change are making it necessary to rethink the real estate business even beyond the end of the Plan period. **As a responsible property investor and developer, Icade has been successful in building, managing and transforming property assets to create mixed-use neighbourhoods and sustainable cities.**

Firstly, **thanks to its expertise in the residential segment, Icade is able, alongside local authorities, to redevelop and add value over the long term to neighbourhoods** that were in some cases mainly commercial areas before being transformed. The project to renovate and build light industrial units and around 600 housing units in the Paris Orly-Rungis business park illustrates the mix of uses that can be introduced and the synergies that can be achieved between Icade's Property Investment and Property Development businesses (Estérel project).

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<sup>3</sup> Yield on Cost

<sup>4</sup> This asset class accounts for 11% of the portfolio and includes data centres

<sup>5</sup> As of December 31, 2023, five operating data centres with a capacity of 18 MW of IT load and one data centre being developed with a capacity of 10 MW of IT load

Secondly, **Icade is an innovative company with a strong commitment to low carbon transition and biodiversity.**

In addition to its existing goals, Icade has set additional low-carbon objectives under the new Strategic Plan:

- **Allocating €145m<sup>6</sup> by 2030 to environmental capex and bringing 95% of its well-positioned office portfolio into compliance** with the SBTi-approved carbon reduction pathway and with Éco Énergie Tertiaire, France's energy efficiency initiative for service sector properties;
- **Speeding up the decarbonisation of real estate by using timber and renewable bio-based materials in 1/3 of its new build projects and having renovation projects account for 1/3 of all projects** in 2030.

**Having led the way in terms of preserving biodiversity, Icade introduced an advanced methodology for measuring it in 2023** with the help of ecologists based on recognised standards. This methodology helped the Group to set ambitious goals and will make it possible to monitor and quantify the progress made in preserving biodiversity.

The Jallère urban development project in Bordeaux-Lac showcases these goals. It involves the conversion of a 35-hectare commercial district (including around 50,000 sq.m of obsolete office space) and the construction, exclusively on previously developed land, of a mixed-use project that will include residential and other types of buildings (offices, student residence). This innovative and ambitious project will be in line with carbon neutrality and no net land take objectives. On February 14, 2024, it was selected as one of the 22 projects supported by the French government designed to increase the country's housing supply ("Territoires engagés pour le logement").

## Maintaining a strong financial structure

Icade confirms that **the Group will pay rigorous attention to the health of its financial structure.** For example, Icade intends to maintain **very strong debt ratios** (LTV ratio including duties between 30% and 35%, ICR > c. 4x, net-debt-to-EBITDA < c. 9x<sup>7</sup>), a solid level of liquidity and a prudent hedging policy (minimum of 85% of fixed rate or hedged debt).

Its resource allocation plan over the 2024–2028 period, estimated at €4.2bn<sup>8</sup> (including €1.3bn<sup>9</sup> in future proceeds from stages 2 and 3 of the sale of the Healthcare business), aims to **strike the right balance between making new investments and reducing the Group's debt.** This amount is expected to finance:

- Investments totalling c. €1.8bn<sup>10</sup>, expected to generate c. €120m in additional rental income by 2028;
- Debt repayments for c. €1.7bn;
- Dividends from the disposal of the Healthcare business<sup>11</sup> estimated at c. €0.7bn (including c. €0.4bn from the completed first stage of this sale).

*"Drawing on its high-quality portfolio and expertise as a property investor and developer, Icade has the potential to create value with several projects already identified that will enable it to accelerate the diversification of its portfolio in a responsible manner. Thanks to the dedication of its teams, the Group is now ready to implement this new roadmap as a full-service, sustainable and long-term player, to respond to the changes in the way we live and work and the challenges facing the city of tomorrow. Icade has a stringent financial policy in place and will carefully manage its debt indicators, ensuring that its resources are allocated appropriately."*

**Nicolas Joly, CEO of Icade**

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<sup>6</sup> Over the 2024–2028 period

<sup>7</sup> Average financial ratios over 2024–2028 period, for indicative purposes only

<sup>8</sup> Simplified sources and uses of funds statement, excluding current cash flow and recurring dividends

<sup>9</sup> Amount estimated as of December 31, 2023 assuming stages 2 and 3 of the sale of the Healthcare business go ahead as planned

<sup>10</sup> With €0.3bn allocated to the existing pipeline, €0.4bn for diversification projects, €0.2bn for assets to be repositioned, €0.5bn for potential acquisitions and €0.4bn for other capex. The estimated target yield for these capex is [4-7]%

<sup>11</sup> Mandatory dividends estimated based on the proceeds from the sale of the entire Healthcare business

# FINANCIAL CALENDAR

**Annual General Meeting:** Friday, April 19, 2024

**Q1 2024 financial data:** Monday, April 22, 2024 before the market opens

**2024 Half Year Results:** Monday, July 22, 2024 before the market opens

**Q3 2024 financial data:** Monday, October 21, 2024 before the market opens

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## ABOUT ICADE

*Icade is a full-service real estate company with expertise in both commercial property investment (portfolio worth €6.8bn on a full consolidation basis as of 12/31/2023) and property development (2023 economic revenue of €1.3bn) that operates throughout France. Icade has forged long-term partnerships to respond to emerging trends in the industry. It has made climate issues and the preservation of biodiversity central to its business model to reinvent real estate and contribute to more sustainable cities. It is listed as a "SIIC" on Euronext Paris and its leading shareholder is the Caisse des Dépôts group.*

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

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