Prospectus dated 15 September 2020

Icade Santé
(incorporated as a *société par actions simplifiée* in France)

€600,000,000 1.375 per cent. Notes due 17 September 2030
Issue price: 99.926 per cent.

The €600,000,000 1.375 per cent. Notes due 17 September 2030 (the "**Notes**") are to be issued by Icade Santé (the "**Issuer**" or "**Icade Santé**") on 17 September 2020 (the "**Issue Date**"). The net proceeds of the issuance of the Notes will be used to refinance, in whole or in part, existing Eligible Expenditures in Eligible Asset Categories, as defined in "*Use and estimated net amount of proceeds*".

Interest on the Notes will accrue at the rate of 1.375 per cent. *per annum* from, and including, the Issue Date and will be payable in Euro annually in arrear on 17 September in each year, commencing on 17 September 2021, as further described in this prospectus (the "**Prospectus**"). Payments of principal and interest on the Notes will be made without deduction for or on account of taxes of the Republic of France (See "Terms and Conditions of the Notes – Taxation").

Unless previously redeemed, purchased and cancelled in accordance with the terms and conditions of the Notes, the Notes will be redeemed at their principal amount on 17 September 2030 (the "**Maturity Date**"). The Notes may, and in certain circumstances shall, be redeemed, in whole but not in part, at their principal amount together with accrued interest in the event that certain French taxes are imposed (See "Terms and Conditions of the Notes – Redemption and Purchase").

If a Put Event occurs further to a Change of Control, each Noteholder (as defined in "Terms and Conditions of the Notes") will have the option to require the Issuer to redeem or procure the purchase of, all or part of the Notes held by such Noteholder at their principal amount together with interest accrued all as defined and more fully described in "Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the option of Noteholders following a Change of Control".

The Issuer may, at its option (i) from and including 17 June 2030 to but excluding the Maturity Date, redeem the Notes outstanding on any such date, in whole or in part, at their principal amount plus accrued interest, in accordance with the provisions set out in "Terms and Conditions of the Notes – Pre-Maturity Call Option", (ii) redeem the Notes, in whole or in part, at their Optional Redemption Amount (as defined in "Terms and Conditions of the Notes") at any time or from time to time, prior to the first day of the Pre-Maturity Call Period (as defined in "Terms and Conditions of the Notes"), in accordance with the provisions set out in "Terms and Conditions of the Notes – Make Whole Redemption by the Issuer" and (iii) redeem the Notes, in whole but not in part, at their principal amount plus accrued interest, at any time prior to their Maturity Date, if 75 per cent. of the Notes have been redeemed or purchased and cancelled, in accordance with the provisions set out in "Terms and Conditions of the Notes – Clean-Up Call Option".

This Prospectus constitutes a prospectus for the purposes of Article 6 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended or superseded (the "**Prospectus Regulation**"). This Prospectus has been approved by the French *Autorité des marchés financiers* (the "**AMF**") in France in its capacity as competent authority pursuant to the Prospectus Regulation. The AMF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Application has been made to admit the Notes to trading on the regulated market of Euronext Paris ("**Euronext Paris**"). The Notes shall be admitted to trading on Euronext Paris with effect from the Issue Date. Euronext Paris is a regulated market for the purposes of Directive 2014/65/UE of the European Parliament and of the Council on markets in financial instruments, as amended, appearing on the list of regulated markets issued by the European Securities and Markets Authority (each a "**Regulated Market**").

This Prospectus will be valid until the date of admission of the Notes to trading on Euronext Paris expected to be on the Issue Date. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid.

The Notes will on the Issue Date be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes – Form, denomination and title" herein) including Euroclear Bank SA/NV ("**Euroclear**") and the depositary bank for Clearstream Banking S.A. ("**Clearstream**").

The Notes will be issued in dematerialised bearer form in the denomination of €100,000 each. The Notes will at all times be represented in book entry form (*dématérialisé*) in the books of the Account Holders (as defined in "Terms and Conditions of the Notes – Form, denomination and title" herein) in compliance with Articles L. 211-3 *et seq.* and R. 211-1 *et seq.* of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The long-term debt of the Issuer has been rated BBB+ (stable outlook) by S&P Global Ratings Europe Limited ("**S&P**"). The Notes have been assigned a rating of BBB+ by S&P. S&P is established in the European Union, registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**") and included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the Section "*Risk Factors*" in this Prospectus. Unless otherwise stated, references in this Prospectus to the "Group" or to the "Icade Santé Group" are references to the Issuer and its consolidated subsidiaries. Copies of this Prospectus will be published on the websites of the Issuer (https://www.icade.fr/finance/icade-sante) and of the AMF (www.amf-france.org).

Social Bond Structuring Advisors and Global Coordinators

BNP PARIBAS

NATIXIS

Joint Lead Managers

CRÉDIT AGRICOLE CIB

CIC MARKET SOLUTIONS

SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING

This Prospectus constitutes a prospectus for the purposes of Article 6 of the Prospectus Regulation, in respect of, and for the purposes of, giving information with regard to, the Issuer, the Group and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Group, the rights attaching to the Notes and the reason for the issuance and its impact on the Issuer.

Any website included in this Prospectus is for information purposes only and all the information on such websites does not form part of this Prospectus and has not been scrutinised or approved by the AMF.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer or the Joint Lead Managers (as defined in "Subscription and Sale" below) to subscribe or purchase any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions (including as a result of change in law). Potential investors are advised to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes.

The Notes have been rated BBB+ by S&P Global Ratings Europe Limited ("S&P"). The rating assigned by S&P to the Notes and/or the Issuer may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by S&P at any time. A revision, suspension or withdrawal of a rating may adversely affect the market price of the Notes.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

For a description of further restrictions on offers and sales of Notes and the distribution of this Prospectus, see Section "Subscription and Sale" below.

IMPORTANT – PRIIPs Regulation / PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA") or in the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2016/97(EU), as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and *therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.*

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five (5) categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority on 5 February 2018, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

No person is or has been authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by, or on behalf of, the Issuer or the Joint Lead Managers.

Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group, since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Joint Lead Managers have not separately verified the information contained herein. To the fullest extent permitted by law, the Joint Lead Managers accept no responsibility whatsoever for the information contained in this Prospectus or any other information provided by the Issuer or in connection with the Notes or their distribution or for any other statement, made or purported to be made by the Joint Lead Managers or on their behalf in connection with the Issuer or the offering and issue of the Notes. The Joint Lead Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Prospectus or any such information or statement.

Neither this Prospectus nor any other information supplied in connection with the Notes or their distribution is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the Notes or their distribution should purchase any of the Notes. None of the Joint Lead Managers acts as a fiduciary to any investor or potential investor in the Notes. Each investor contemplating subscribing or purchasing Notes should make its own independent investigation of the financial condition and affairs, its own appraisal of the creditworthiness, of the Issuer or the Group and of the terms of the offering, including the merits and risks involved. For further details, see Section "Risk Factors" herein. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should subscribe for or consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer or the Group after the date of this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers.

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RISK FACTORS

The Issuer considers that the risk factors described below are important to make an investment decision in the Notes and/or may alter its ability to fulfil its obligations under the Notes towards investors. The risk factors may relate to the Issuer and the Group. The risk factors that the Issuer considers to be the most important at the date of this Prospectus are mentioned first within each of the risk categories in this Prospectus.

The risks described below are those that the Issuer believes could have a material adverse effect on the Group, its business, financial position, reputation, results or outlook, and that are material to an investment decision. The inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Additional risks and uncertainties not currently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations or on an investment in the Notes.

Prior to making an investment decision in the Notes, prospective investors should consider carefully all the information contained in this Prospectus, including the risk factors detailed below. In particular, prospective investors, subscribers and holders of Notes must make their own analysis and assessment of all the risks associated to the Notes and the risks related to the Issuer, its activities and financial position. They should also consult their own financial or legal advisors as to the risks entailed by an investment in the Notes and the suitability of such an investment in light of their particular circumstances.

The Notes should only be purchased by investors who are financial institutions or other professional investors or qualified investors who are able to assess the specific risks implied by an investment in the Notes, or who act on the advice of financial institutions.

Terms defined in "Terms and Conditions of the Notes" below shall have the same meaning where used below.

1. Risks factors relating to the Issuer and the Group

This section presents the principal risks that could, on the date of this Prospectus, impact the business, financial position, reputation, results or the outlook of the Group, as identified primarily in the preparation of the Icade Group's risk mapping (cartographie des risques), which assesses their materiality, that is, the expected magnitude of their negative impact and their probability of occurrence, after taking into account the risk management action plans put in place. Within each of the risk categories below, the risk factors that the Issuer considers to be the most material on the date of this Prospectus (identified with an asterisk) are described first.

1.1 Risks related to the business sector of the Group

Risk related to trends in the healthcare and seniors housing industries, in particular macro-economic and competitive trends and changes in the demand for related services*

The Group invests exclusively in France, in healthcare properties, and has expanded recently its investments to seniors housing properties, exposing it to the specific trends of these industries. Any adverse effects that result from these trends could be more pronounced than if the Group diversified its investments outside of healthcare and seniors housing properties. These trends include, among other things:

- changes in the demand for, and methods of, delivering healthcare and seniors housing services: such changes could affect the revenue of the Group's tenants, which depends on the demand in services these tenants provide, which depends itself on more general trends affecting the healthcare and seniors housing sectors. For instance, the ageing population and medical progress have led to an increasing demand in healthcare and seniors housing services. If those trends were to change or if such demand were to decrease due, for instance, to alternative methods of medical treatment, such as innovative treatments substituting to surgery, or the growing development of home care and ambulatory care, which has led to a decrease in the average length of stay, this could have a material adverse effect on the Group's tenants' revenue and on the adequacy of the Group's assets to the demand;

- economic downturns could adversely affect the Group's tenants' businesses or the businesses located in the Group's tenants' geographic region, which could adversely affect the Group's tenants' ability to pay rent and the value of its healthcare and seniors housing properties;

- the competitive environment in which the Group's tenants operate, facing competition with other private and public hospitals and seniors housing facilities (see paragraph below "*Risks related to consolidation, increased competition and market changes faced by tenants*");

- an increased scrutiny of billing practices by public authorities;

- the risk that the current trend of externalizing property holding in the healthcare and seniors housing sectors does not continue;

- the impact of the current Covid-19 pandemic (which was however relatively limited for the Group for the six-month period ended 30 June 2020, with no impact on IFRS rental income, the only concrete effects of the crisis being the deferrals of Q2 rents for one quarter for operators focusing on long-term care (see in particular paragraph III, 3, i. of section "*Description of the Issuer*" of this Prospectus)).

In addition, the property portfolio of the Group is exclusively located in France, making the Group more economically vulnerable to specific macro-economic trends in France, such as economic growth and inflation, or the regulatory environment of healthcare and seniors housing in France, than if the Group's assets were diversified across different countries. In particular, decrease in household disposable income, or the perception thereof, in times of economic downturn (due for example to the impact of the current Covid-19 pandemic) could lead to a reduction in individuals' healthcare expenditure. This may result in patients postponing certain types of medical treatment and could result in a drop in the volume of the Group's business. The Covid-19 health crisis is also expected to result in completion delays and additional costs relating to the pandemic such as costs associated with shutting down and restarting construction sites, health and safety costs. Analyses and negotiations were ongoing as of June 30, 2020, the conclusions and effects of which will be known in the second semester of 2020.

These factors may adversely affect the economic performance of some or all of the Group's tenants and, in turn, the Group's lease revenues, which could have a material adverse effect on the business, results, value of assets, financial position and outlook of the Group.

Risk related to regulation in the healthcare and seniors housing industries, governing in particular the Group's tenants' operations and the tariffs applied by the Group's tenants to their patients*

The activities of the Group's tenants in the healthcare and seniors housing industries are highly regulated, whether it concerns the operations themselves or the tariffs applied by the Group's tenants to their patients.

The healthcare and seniors housing sectors are subject to a number of stringent regulations governing in particular medical care, public health, hygiene and safety, privacy, the environment and medical waste. Failure to comply with such regulations by the Group's tenants could result in the imposition of financial or other penalties (including criminal sanctions) on the Group's tenants or the loss of administrative authorizations of these tenants, which could affect their ability to make lease payment to the Group and could in turn have a material adverse effect on the Group's business, results, financial position and outlook.

In particular, the operation of private hospitals in France, as well as upgrades to existing capacity and investment in certain types of equipment (such as MRI machines), require administrative authorization from regional health authorities (*agences régionales de santé*, or "ARS"). These authorizations typically have a term of seven years, after which they must be renewed. For seniors housing facilities (*EHPAD*), authorizations to operate are given by ARS and local authorities (*conseil départemental*) for a term of 15 years. Renewal of authorizations can be refused if a facility fails to meet certain criteria, although the refusal to renew an authorization can be challenged in court. The failure by the Group's tenants to obtain new authorizations or renew existing authorizations or the loss of existing authorizations could reduce their revenue and hinder their ability to pay rents to the Group, which could in turn have a material adverse effect on the Group's business, results, financial position and outlook.

There are also mandatory prices or pricing methodologies set and revised annually by the French authorities for all or substantially all of the medical procedures the Group's tenants perform. The French authorities, which pay for a vast majority of the Group's tenants services through Social Security, have in the past and may well continue to institute policies designed to limit the growth or decrease healthcare expenditure as a means of containing overall budget deficits. In particular, the French authorities implemented direct and indirect healthcare tariff reductions amounting to declines of 1.2% in 2018 (source: French Ministry of Social Affairs and Health). The government may reduce tariffs, fail to increase tariffs in line with expectations or costs, or could make changes to medical guidelines that lower the volume of procedures the Group's tenants can perform and the degree of care the Group's tenants provide, which could have a material adverse effect on the Group's tenants revenue and/or profitability and the Group's lease revenues, which could have in turn a material adverse effect on the Group's business, results, financial position and outlook.

Risk related to trends in the real estate industry, in particular the evolution of interest rates and the illiquidity of real estate investments*

Real estate investments are subject to various risks and fluctuations and cycles in value and demand, including in particular:

- an increase in interest rates and financing costs in the medium or long-term, in particular in the current context where interest rates are at historically low levels, could decrease the demand for real estate and, thus, the price of real estate. A decrease in demand for real estate could make it more difficult for the Group to dispose of its healthcare and seniors housing facilities at attractive prices or prevent it from disposing of its facilities at all;

- economic upturns could increase the value of real estate generally or a decrease in interest rates and financing costs could increase demand for real estate and, thus, the price of real estate. Such circumstances could make it more difficult for the Group to acquire new healthcare or seniors housing properties at attractive prices or prevent the Group from purchasing additional facilities at all;

- illiquidity of real estate investments, which could significantly impede the Group's ability to respond to adverse changes in the performance of its healthcare and seniors housing facilities.

In particular, the investment property of the Group is valued by independent property valuers as at each reporting date, as described in note 4.2 of the condensed consolidated financial statements as of 30 June 2020 of the Group included in this Prospectus. As of 30 June 2020, these valuations were carried out amid the uncertainty surrounding the recent Covid-19 crisis. As a result, the assumptions used by the valuers at this stage may be revised significantly in the second semester of 2020 (see note 2.1 of the condensed consolidated financial statements as of 30 June 2020 of the Group included in this Prospectus). In addition, the valuers have included a "material valuation uncertainty" declaration in their valuation report described in more details in note 4.2 of the condensed consolidated financial statements as of 30 June 2020 of the Group included in this Prospectus.

If the Group were to experience one or more of the risks described above, this could have a material adverse effect on the business, results, value of assets, financial position and outlook of the Group.

Risk related to reductions in reimbursement from third-party payors (including French Assurance Maladie and private insurance payors)

Sources of revenue for the Group's tenants typically include the French *Assurance Maladie* ("**Social Security**") for the most part, as well as private insurance payors.

Economic difficulties in France in recent years have resulted in the French government seeking to contain expenditures on healthcare. For instance, according to the French Institute of Statistics and Economic Studies ("**INSEE**"), while health care spending increased at a rate of approximately 5% per year in the early 2000s, growth then slowed, to 3.2% in 2008 and to 1.5% in 2018. Although Social Security and related public healthcare programs financed approximately 90% of the spending in the French hospital market in 2018, and such financing has been relatively stable in the past decade (source: *DRESS – Les dépenses de santé en 2017; Les dépenses de santé en 2018*), patients are directly or indirectly responsible for the remainder of that cost (generally covered through private supplementary health insurance, which implies the payment of premiums by patients).

Although the current health crisis relating to the Covid-19 pandemic led the French government to spend €8 billion on emergency aid to deal with the pandemic (raising France's target growth in healthcare spending to 6.5% instead of the initial 2.3%), the negative impact on the global economy and therefore on government revenue and spending of this exceptional crisis may in the long-term significantly affect expenditures on healthcare and the related regulatory framework, having an adverse effect on the Group's tenants revenue.

The portion of the Group's tenant's services paid for by patients may increase if Social Security reduces reimbursement levels for certain treatments or if private supplementary health insurers reduce coverage or increase premiums. Consequently, individual decisions to reduce out-of-pocket healthcare expenditures, or the risk for patients to pay higher premiums to private supplementary health insurance when an expenditure is not reimbursed by Social Security, may result in reduced demand for non-life saving treatments. This may result in patients postponing certain types of medical treatment and could result in a drop in the volume of the Group's tenant's business. More generally, any reductions in payments or reimbursements from third-party payors could adversely affect the reimbursement rates received by the Group's tenants and therefore affect their revenue, which could have in turn a material adverse effect on the Group's business, results, financial position and outlook.

1.2 Risks related to the Group's operations

Risk related to the failure, inability or unwillingness by tenants to pay rent*

The Group generates its revenue from the rents paid by its tenants, which are themselves members of groups operating healthcare facilities (such as Elsan or Ramsay Santé, respectively the first and second operators of the Group's facilities in terms of gross rental income) and seniors housing facilities. For the financial year ended 31 December 2019, no tenant of the Group represented more than 10% of its consolidated gross rental income. Although the Group's credit exposure to its tenants is relatively limited given the broad range of its portfolio of tenants, any failure, inability or unwillingness by a significant number of tenants, to pay rent, due to notably financial difficulties they may encounter, could have a material adverse effect on business, results, value of assets, financial position and outlook of the Group. In addition, as the operators of the Group's facilities (mainly Elsan or Ramsay Santé - see paragraph below "*Risk related to concentration, increased competition and market changes faced by tenants*") generally provide a guarantee to the Group for the payment of rents by each individual tenant of facility which are part of their respective groups, any financial difficulties that such operators may encounter could impede their ability to perform their obligations of guarantors if and when the guarantee is called, which could have a material adverse effect on business, results, value of assets, financial position and outlook of the Group.

In the current health crisis context relating to the Covid-19 pandemic, the Group decided to support its tenant healthcare operators which were actively involved on the front line of this exceptional crisis by granting at the beginning of March deferrals on second quarter rents, which became payable in arrears rather than in advance, which had an impact on the cash position of the Group (see paragraph "*IV Liquidity and capital resources*" of section "*Description of the Issuer*" of this Prospectus). In addition, in the current context, the Group has maintained its policy on the impairment of receivables. As at each reporting date, a case-by-case analysis was carried out to assess the risk of non-payment of receivables and to impair, where appropriate, receivables from tenants at risk of default. As of 30 June 2020, the Group did not identify any heightened risk of default from its tenants that benefited from rent deferrals. This issue will be specifically monitored in the second semester of 2020 (see also note 2 of the condensed consolidated financial statements as of 30 June 2020 of the Group included in this Prospectus).

Risk related to health and safety hazards and compliance with environmental laws*

As a general rule, the Group's tenants are responsible for maintenance works in the Group's facilities they use, for making the appropriate improvements to the building in order to comply with the health and safety standards applicable to their operations and would be held responsible in case of breach of environmental laws due to their operations (for instance, a Group's tenant would be responsible for depolluting soil in case of contamination due to its operations). However, as a property owner, the Group has to ensure that the building materials used for the construction of its facilities comply with environmental and health regulations (for instance regulations relating to hazardous materials), in particular in a context where the properties it owns receive sick or injured people, for healthcare facilities, or dependent elderly persons, for seniors housing.

Failure to comply with these regulations, or the need to comply with significant new regulations that may be introduced in these domains could lead to higher capital expenditures, the closing of a facility or delay in the development of the Group's activities, or fines, which could have a material adverse effect on the Group's business, financial position, results and outlook. Furthermore, any failure by any of the Group's tenants to comply with health and safety standards, in particular in respect of the treatment of sick or injured people, for healthcare facilities, or dependent elderly persons, for seniors housing, may, even if no liability would directly be attributable to the Group, be subject to media coverage (in particular in the current health crisis context relating to the Covid-19 pandemic), which could affect the Group's reputation and image.

In addition, each of the Group's facility is potentially exposed to damages caused by construction defects or natural disasters such as fires, floods, hurricanes and earthquakes (or other climatic events), which could result in the destruction of all or part of the Group's facilities, personal injury or death of occupants of the facilities. The various costs and constraints related to repairs, or the potential legal proceedings brought against the Group by potential victims for damages, could have a material adverse effect on the Group's business, financial position, results and outlook.

Risk related to inadequacy to market and reconversion of facilities

As a long-term investor, the Group is exposed to the risk of obsolescence, significantly increasing the risk of having to adapt or reconvert facilities, at significant costs. Certain facilities may not adequately respond to the needs of tenants due to changes in technologies, habits or tenants' environmental expectations, in which case, the Group may be required to spend substantial amounts to adapt the facilities to such needs. In addition, if the Group, or any of its tenants, terminate the leases for the Group's facilities, or if these tenants lose their regulatory authority to operate these facilities, the Group may not be able to locate suitable replacement tenants to lease the facilities for their specialized uses. Any loss of revenues or additional capital expenditures occurring as a result could have a material adverse effect on the Group's business, financial position, results and outlook.

Risk related to the evolution of rent levels, in particular upon renewal of an existing lease

Rental income of the Group stems from long-term lease commitments which are reviewed annually, based primarily on upward or downward changes in indexes including in particular combinations of the cost-of-construction index (ICC), the commercial rent index (ILC), the consumer prices index (IPC) or an index based on seniors housing tariffs (for seniors housing facilities). Upon expiry of an existing lease (generally after 12 years), the Issuer is subject to the risk of a downward negotiation of the rent by the tenant, depending notably on the tenant's profitability and the possibilities of modernizing and developing its facilities and the risk that the tenant does not renew the lease, which exposes the Group to facilities vacancy and uncertainties (depending in particular on macroeconomic conditions (especially economic activity and employment which will be impacted by the consequences of the current health crisis relating to the Covid-19 pandemic)) as to the timing of re-letting and the rent level it will be able to negotiate when re-letting the vacating space to a new tenant. The lease expiry schedule of the Group is shown in paragraph II.2.B)b. of the section "*Description of the Issuer*" of this Prospectus.

Any decrease in the Group's rent levels or if the Group were not able to increase its rent levels as anticipated may have a material adverse effect on the Group's business, results, financial position and outlook.

Risk related to concentration, increased competition and market changes faced by tenants

Competition could limit the Group's tenant ability to attract patients and expand their business and could have a material adverse effect on their revenue, which could in turn have a material adverse effect on the Group's business, results, financial position and outlook.

Reforms in the French health sector have led operators to start a major process of consolidation in the healthcare industry (such as the merger between MédiPôle Sud Santé and Médi-Partenaires in 2014, to create MédiPôle Partenaires; the merger between Vedici and Vitalia in 2015, to create Elsan; the acquisition of MédiPôle Partenaires by Elsan in 2017; and the acquisition of Capio by Ramsay Santé in the end of 2018) in order to become more efficient. The seniors housing sector has also experienced a consolidation process, with notably the merger of Korian and Medica in 2014 and the acquisition of Residalya by Domus Vi in 2019. The Group has developed long-term partnerships with some of these operators, such as for example the framework agreement signed with the Korian group in 2017. For the financial year ended 31 December 2019, Elsan and Ramsay Santé (which has acquired Capio in the end of 2018) represented 53% and 26% of the Group's consolidated gross rental income respectively. Such phenomenon of Group's tenants concentration, could increase pricing pressure or lead to the Group's dependence on these major tenants, which could have a material adverse effect on the Group's business, results, financial position and prospects.

The Group's tenants in the seniors housing industry face competition from a wide range of public and private entities offering different types of care services for the elderly such as home care, long-term care nursing homes, assisted living facilities, physical therapy and rehabilitation clinics. This diversity of the offering enables residents, patients or their families to choose the most appropriate solution based on their situation, which may turn not to be the services offered by the Group's tenants, which could prove less attractive than those offered by their competitors. This could affect occupancy rates in the Group's tenants' facilities as well as their results.

The Group's tenants in the healthcare industry face competition for patients from other hospitals in the regions where they operate. The Group's tenants' competitors in this industry include public hospitals that have the ability to finance capital expenditures with allocations from the French government or with public subsidies, which may not be available to the Group's tenants' hospitals. Private-for-profit healthcare providers account for about 50% of the surgical procedures in France, 25% of the overall hospital stays and about 25% of the nursing homes beds. The French government has taken measures to increase the competitiveness of public hospitals in response to the need to limit public spending on health care, including measures to increase the numbers of patients public hospitals can accommodate. The Group's tenants in the healthcare industry also compete against large private hospital groups that may have greater financial and other resources than the Group's tenants do. Furthermore, the Group's tenants in the healthcare industry face competition from other medical practices and service providers at nearby hospitals and other healthcare facilities, including urgent care and primary care facilities as well as home healthcare companies. If the expansion or maintenance of existing hospitals (whether public or private) outpaces the demand for care in the regions in which the Group's tenants operate, these regions may become saturated. An oversupply of hospitals could result in decreased volumes, reduced operating margins and lower profitability.

Risk related to acquisitions of real estate, external growth being one of the pillars of the Group's development strategy

For the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017, the Group's gross rental income increased respectively by €28,5 million, €26.1 million and €7.5 million, of which respectively €10.0 million, €14.3 million and €5.6 million has been generated through the acquisition of existing facilities, which is one of the pillars of the Group's development strategy. In July 2020, the Icade Group and Orpea have signed agreements relating to the acquisition of a portfolio of 9 nursing homes, among which 1 nursing home in France representing an amount of €22 million. In November 2019, the Group has signed an agreement with private hospital group Vivalto Santé to acquire the Confluent Group (*Nouvelles Cliniques Nantaises*), which owns the Confluent private hospital located in Nantes. In July 2019, the Group has finalized acquisition of 12 medium and long-term care assets from an OPCI managed by Swiss Life and in July 2018, the Group acquired 14 nursing homes from Residalya. The Group intends to continue to rely on external growth through acquisitions to support its future development and the growth of its revenue and results. Icade, the Group's majority shareholder, published an objective to proceed with investments for an amount of approximately €1 billion over the 2019 – 2022 period for the French activities of its healthcare property division (corresponding to the perimeter of the Group's activities)[1]. As of 30 June 2020, 50% of this amount has been invested.

The Group may be subject to risks in connection with the acquisition of real estate, including:

- exposure to any undisclosed or unknown potential liabilities relating to the acquired facilities or entities;
- underperformance of the acquired facilities due to various factors, including unfavorable terms and conditions of the existing lease agreements relating to the facilities, disruption caused by the management of the Group's tenants or changes in economic conditions;
- the Group may not be able to proceed with the acquisitions of facilities scheduled in its investment program (in particular, the Group experienced delays of 3 to 4 months as of the end of June 2020 in carrying out its acquisition plan due to the consequences of the current health crisis relating to the Covid-19 pandemic);
- the Group may have no previous business experience with the tenants at the facilities acquired, and may face difficulties in working with them;
- diversion of the Group's management's attention away from other business concerns;
- potential underinsured losses on the acquired facilities.

In general, the expected benefits of future or completed acquisitions may not materialize within the expected timeframe and at the expected levels, which could have a material adverse effect on the business, financial position, value of assets, results and outlook of the Group.

Risk related to ethics and compliance

The Group is required to make significant legal and financial commitments as part of its property development activities (acquiring land, launching projects) and its property investment activities (acquisitions, in particular when such acquisitions are made from individuals, launching new property developments for its own account, disposals).

As part of the Icade Group's ethics policy, the Group puts business ethics at the heart of its long-term growth strategy and applies the main principles of the Code of Ethics applicable to all Icade Group employees.

Particular attention is paid to the fight against money laundering and financing of terrorism when entering into real estate transactions (property development and investments or disposals) as well as lease agreements.

However, in the normal course of business, the Group may face risks related to failure to comply with ethical and compliance standards or breaches of anti-money laundering regulations. The Group cannot guarantee that its employees, suppliers, subcontractors or other business partners will comply with the strict requirements to which it is subject or with the regulations in force. If the Group were unable to enforce its compliance policies and procedures, it could be subject to civil and criminal penalties, including large fines. The occurrence of such events could have a material adverse effect on its reputation, business, financial position, results and outlook.

[1] See 2018 full-year results presentation of Icade SA dated 18 February 2019, page 20. This objective is subject to the current analysis by Icade, the Group's majority shareholder, of the impact of the pandemic on its multi-year goals and 2019-2022 Strategic Plan, mentioned in Icade's half year results 2020 press release published on 21 July 2020.

1.3 Other risks related to the Issuer

Risk related to the relationships with Icade, its majority shareholder*

The Issuer's operations and strategy (including in particular its acquisition and investment strategy) are subject to the influence of Icade, its majority shareholder holding 56.84% of its share capital and voting rights, and may therefore evolve. Icade, which is able to exercise significant influence over decisions submitted for the approval of shareholders at ordinary and extraordinary general meetings, including those concerning the election of the President (currently Icade) and the Issuer's strategy, as well as those relating to mergers, changes to the Issuer's share capital and by-laws and certain other major transactions, which could affect the Noteholder's rights under the Notes.

In addition, the Issuer relies on Icade and its subsidiaries (together, the "**Icade Group**") for several necessary support functions, in particular for legal and IT services and has entered into services agreements with Icade, entrusting asset management, property management and back-offices functions and services to Icade (see paragraph X. "*Material contracts*" of section "*Description of the Issuer*" of this Prospectus). In particular, the Icade Group has made available to the Issuer some of its managers and employees to perform their functions for the Issuer's Group. In addition, the Issuer also partly relies on services and assistance from other Icade companies; for instance, the Group has entered into several agreements with Icade Promotion, the property development division of the Icade Group, under which Icade Promotion is in charge of property development or of the project management of various construction works on the Icade Santé's properties ; the fees paid by the Issuer to Icade for the services described above amounted to €14.8 million for the year ended 31 December 2019 (see paragraph X. "*Material contracts*" of section "*Description of the Issuer*" of this Prospectus and note 11.1.2 of the audited financial statements of the Issuer for the year ended 31 December 2019, an English translation of which is included in this Prospectus). Furthermore, for the purposes of financing the development of its portfolio, the Issuer has also entered into several intragroup loan agreements and a cash advance agreement with Icade.

The dependency of the Issuer on the Icade Group resulting from these agreements give rise to a number of risks, including the following:

- the expiration or termination of one or more of these agreements could disrupt the Issuer's operations or generate potential disruptions related to difficulties in obtaining substitute services, if it is not able to perform these functions internally, or could require it to incur costs for replacement (potentially more expensive) service providers or to create these services internally;

- the renegotiation of financial terms when these agreements expire could prove unfavorable to the Issuer's Group;

- the services provided by the Icade Group are performed by its own employees, who do not work exclusively for the Issuer's Group.

The occurrence of any of these risks could have a material adverse effect on the Group's business, financial position, results and outlook.

Market risks (indebtedness, liquidity, interest rates)

As part of its strategy, the Group relies largely on debt to finance its growth. As at 30 June 2020, the gross financial liabilities of the Group amounted to €1,959.7 million, of which €771.7 million corresponds to corporate loans granted by banks and €447.4 million are granted by Icade. The Group's ability to meet its obligations, pay interest on its borrowings, or to refinance or repay its borrowings according to the agreed terms and conditions, will depend on its future operating performance and could be affected by numerous factors (economic conditions, debt market conditions, regulatory changes etc.), some of which are beyond its control. The Group also makes significant investments as part of its strategy, which amounted to €28.8 million as at 30 June 2020 and €467.1 million as at 31 December 2019, which are financed through cash generated from the Group's operations or its available credit lines. In the event of insufficient liquidity to service its debt or finance its investments, the Group could be required to reduce or postpone acquisitions, investments or renovations of assets, dispose of its assets, refinance its debt or seek additional financing, which could have a material adverse effect on its business or financial position.

In addition, the documentation of the above-mentioned corporate loans contains financial covenants the Group must comply with, in particular a LTV (Loan-To-Value) ratio and an ICR (Interest Coverage Ratio), as further described in notes 5.2.5 of the financial statements of the Issuer for the six-month period ended 30 June 2020 and 6.2.5 of the audited financial statements of the Issuer for the year ended 31 December 2019, an English translation of which is included in this Prospectus. All these covenants were complied with as of 30 June 2020 and 31 December 2019, 2018 and 2017. The requirement to comply with these covenants could affect the Group's ability to carry out its operations and limit its ability to react to market conditions or to seize business opportunities that may arise. In addition, in the event of non-compliance with any such covenants that is not remedied or waived, the lenders may exercise their security interests over the Group's assets (see note 11.2 of the audited financial statements of the Issuer for the year ended 31 December 2019, an English translation of which is included in this Prospectus for a description of these security interests), terminate their commitment and/or require that all outstanding amounts become immediately due. The occurrence of any such events could have a material adverse effect on the Group's business, financial position, results and outlook.

The Group's significant debt also exposes it to risks due to interest rate variations, which may result in the interest charges paid by the Issuer on its variable-rate borrowings rising significantly. Excluding debt associated with equity interests and bank overdrafts, variable rate debt represented nearly 48% of the Group's total debt as of 30 June 2020 (46%, 56% and 49% respectively as of 31 December 2019, 2018 and 2017), with a hedging ratio of 91% (92%, 84% and 78% respectively as of 31 December 2019, 2018 and 2017). Most of the debt (91% as of 30 June 2020 and 92%, 84% and 78% respectively as of 31 December 2019, 2018 and 2017) was protected against an increase in interest rates (fixed rate debt or variable rate debt hedged by interest rate swaps). As of 30 June 2020, the hedged debt was 91%, including hedges starting in 2020. A detailed analysis of the notional amounts of hedging instruments is shown in the notes to the Group's interim condensed consolidated financial statements for the six-month period ended 30 June 2020 and in the notes to the Group's consolidated financial statements for the year ended 31 December 2019, an English translation of which is set out in sections "*Financial statements of the Issuer for the six-month period ended 30 June 2020*" and "*Audited financial statements of the Issuer for the year ended 31 December 2019*" of this Prospectus, respectively.

At 30 June 2020, the Group's net financial liabilities stood at €1,811.0 million, with €185.7 million of cash and cash equivalents. On 24 July 2020, following its annual review, Standard & Poor's affirmed Icade's and Icade Santé's long-term rating of BBB+ and short-term rating of A-2 with a stable outlook.

Risk related to the SIIC tax regime and to taxation

Since more than 95% of the share capital of the Issuer is held by a SIIC (*Sociétés d'Investissement Immobilier Cotée*) and OPCIs (*Organismes de Placement Collectif Immobilier*), the Issuer and its eligible subsidiaries have opted for the SIIC (*Sociétés d'Investissement Immobilier Cotées*) tax regime provided for in Article 208 C of the French General Tax Code and, as a result, is exempt from corporate income tax on its profits derived from the leasing or sub-leasing of certain real properties, on certain capital gains and on dividends received from its subsidiaries that are also subject to the SIIC regime.

The benefits of the SIIC regime are subject to compliance with certain obligations and conditions, including (i) the obligation to distribute a significant portion of the Issuer's profits (95% of profits from rental income, 70% of capital gains, and 100% of dividends from subsidiaries subject to the SIIC regime (up to the amount of the SIIC income and distributable profits)) and (ii) the condition that no shareholder or group of shareholders, whether individually or acting in concert, may hold 60% or more of the share capital or voting rights of the Issuer.

In the event of a failure to comply with the obligations and conditions imposed by the SIIC regime, the Issuer could lose its benefits under the regime, which would result in the relevant entities of the Group becoming subject to corporate income tax under standard conditions for the relevant fiscal years. In addition, such entities would be required to add back into their taxable income, for the fiscal year in which they exit the regime, the share of distributable profits existing as of the close of the fiscal year in which they exit the regime and arising from amounts previously exempted. Moreover, they would be required to pay certain specific additional taxes in the event of an exit from the SIIC regime within 10 years of opting into the regime.

Substantial modifications to the SIIC tax regime applicable to the Issuer in France, or the loss of the benefits of that regime and more generally any changes in tax legislation could have a material adverse effect on the Issuer's business, financial position, results and outlook.

2. Risk management and control

The Issuer relies on the risk management and control procedures implemented at the level of the Icade Group for managing the risks it is subject to and described in paragraph 1. "*Risks factors relating to the Issuer and the Group*" above. Risk management allows executives to identify events which might have an impact on the Icade Group's staff, assets, environment, objectives or reputation and thus maintain these risks at an acceptable level, in particular through an internal control framework.

This framework is intended to ensure: compliance with laws and regulations; compliance with the directions and guidelines defined by the management of the Icade Group; the proper functioning of the Icade Group's (including the Issuer's) internal processes; the reliability of financial information. Generally speaking, it contributes to the management of its activities, the effectiveness of its operations, and the efficient use of its resources.

The risk management framework covers all of the Icade Group's business activities (including the Issuer's activities) and is implemented under the responsibility of the members of the Executive Committee of Icade in charge of the different business divisions (Office Property Investment, Healthcare Property Investment, and Property Development) and support functions (Finance, Human Resources and Communication departments). In addition, the Audit, Risk, Compliance and Internal Control Department (DARCCI) of Icade ensures the implementation and monitoring of the framework, under the authority of the Chief executive officer of Icade.

3. Risks factors relating to the Notes

3.1 Risks for the Noteholders as creditors of the Issuer

3.1.1 Credit Risk

As contemplated in Condition 2(a) of the Terms and Conditions of the Notes, the obligations of the Issuer in respect of the Notes and any interest payable under the Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer (*engagements chirographaires*). Noteholders are exposed to a higher credit risk than creditors benefiting from security interests from the Issuer. Credit risk refers to the risk that the Issuer may be unable to meet its financial obligations under the Notes. If the creditworthiness of the Issuer deteriorates and notwithstanding Condition 8 of the Terms and Conditions of the Notes which enable the Noteholders to request through the Representative of the *Masse* the redemption of the Notes, it may not be able to fulfil all or part of its payment obligations under the Notes, which could materially and negatively impact the Noteholders which may lose all or part of their investment.

3.1.2 French insolvency law

As a *société par actions simplifiée* incorporated in France, French insolvency laws apply to the Issuer. Under French insolvency law holders of debt securities issued by a French company (as the Issuer) are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests in case of the opening in France of an accelerated preservation (*procédure de sauvegarde accélérée*) or an accelerated financial preservation (*procédure de sauvegarde financière accélérée*) or a preservation (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes) regardless of their governing law and will not be convened in accordance with Condition 9. The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), the proposed accelerated safeguard plan (*projet de plan de sauvegarde accélérée*), accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may notably agree to:

– increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing off receivables in form of debt securities;

– establish an unequal treatment between holders of debt securities (including the Noteholders) if the differences in situation so justify; and/or

– decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the amount of debt securities held by the holders who voted during such Assembly; notwithstanding any clause to the contrary and the law governing the issuance agreement). No quorum is required for the Assembly to be validly held.

Stipulations relating to the representation of holders of the Notes provided in Condition 9 will not be applicable if they depart from any imperative provisions of French insolvency law that may be applicable.

The procedures, as described above or as they may be amended, could have an adverse impact on holders of the Notes seeking repayment in the event that the Issuer or its subsidiaries were to be subject to French insolvency proceedings.

The insolvency procedure in France is regulated by the provisions of the French *Code de commerce* as amended by ordinance n°2014-326 dated 12 March 2014 and these provisions govern the common rights, interests and representation of the Noteholders in this context. As a result, Noteholders should be aware that they will generally have limited ability to influence the outcome of an accelerated preservation (*procédure de sauvegarde accélérée*), an accelerated financial preservation (*procédure de sauvegarde financière accélérée*), a preservation (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer in France, especially given the current capital structure of the Issuer.

It should be noted that a new European directive entitled "Directive (EU) 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132" has been adopted by the European Union on 20 June 2019. Once transposed into French law (which is scheduled to happen by 17 July 2021 at the latest), such directive should have a material impact on French insolvency law, especially with regard to the process of adoption of restructuring plans under insolvency proceedings. According to this directive, "affected parties" (i.e., creditors, including the Noteholders) shall be treated in separate classes which reflect certain class formation criteria for the purpose of adopting a restructuring plan. Classes shall be formed in such a way that each class comprises claims or interests with rights that are sufficiently similar to justify considering the members of the class a homogenous group with commonality of interest. As a minimum, secured and unsecured claims shall be treated in separate classes for the purpose of adopting a restructuring plan. A restructuring plan shall be deemed to be adopted by affected parties, provided that a majority in the amount of their claims or interests is obtained in each and every class (the required majorities shall be laid down by Member States at not higher than 75% in the amount of claims or interests in each class, it being noted that Member States may require that in addition a majority in number of affected parties be obtained in each class). If the restructuring plan is not approved by each and every class of affected parties, the plan may however be confirmed by a judicial or administrative authority by applying a cross-class cram-down, provided notably that:

- the plan has been notified to all known creditors likely to be affected by it;

- the plan complies with the best interest of creditors test (i.e., no dissenting creditor would be worse off under the restructuring plan than they would be in the event of liquidation, whether piecemeal or sale as a going concern);

- any new financing is necessary to implement the restructuring plan and does not unfairly prejudice the interest of creditors;

- the plan has been approved by a majority of the voting classes of affected parties, provided that at least one of those classes is a secured creditors class or is senior to the ordinary unsecured creditors class; or, failing that, by at least one of the voting classes of affected parties or where so provided under national law, impaired parties, other than an equity-holders class or any other class which, upon a valuation of the debtor as a going-concern, would not receive any payment or keep any interest, or, where so provided under national law, which could be reasonably presumed not to receive any payment or keep any interest, if the normal ranking of liquidation priorities were applied under national law;

- the plan complies with the relative priority rule (i.e. dissenting voting classes of affected creditors are treated at least as favourably as any other class of the same rank and more favourably than any junior class). By way of derogation, Member States may instead provide that the plan shall comply with the absolute priority rule (i.e., a dissenting voting class of creditors must be satisfied in full before a more junior class may receive any distribution or keep any interest under the restructuring plan); and

- no class of affected parties can, under the restructuring, plan receive or keep more than the full amount of its claims or interests.

Therefore, when such directive is transposed into French law, it cannot be excluded that the Noteholders will no longer deliberate on the proposed restructuring plan in a separate assembly, meaning that they will no longer benefit from a specific veto power on this plan. Instead, as any other affected parties, the Noteholders will be grouped into one or several classes (with potentially other types of creditors) and their dissenting vote may possibly be overridden by a cross-class cram down.

The commencement of insolvency proceedings against the Issuer would have a material adverse effect on the market value of Notes issued by the Issuer. Any decisions taken by the Assembly or a class of creditor, as the case may be, could materially and negatively impact the Noteholders and cause them to lose all or part of their investment, should they not be able to recover all or part of the amounts due to them from the Issuer.

3.2 Risks relating to the trading markets of the Notes

3.2.1 Market value of the Notes

The market value of the Notes will be influenced by the creditworthiness of the Issuer and a number of additional factors, including, but not limited to, market interest and yield rates and the time remaining to the maturity date.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere (such as, in particular, the effect of the COVID-19 pandemic on the global economy), including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The market value of the Notes may also be significantly and adversely affected by a variety of factors that may impact the Issuer, its competitors, macroeconomic conditions or the healthcare property investment sector. These factors may include, among others, market reaction to announcements made by the Groups' competitors or other companies with similar activities, or announcements concerning the healthcare property investment sector, including announcements relating to the financial and operating performance or outlook of those companies. The price at which a holder of Notes will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. For example, any negative change in an applicable credit rating could negatively affect the trading price for the Notes.

3.2.2 The secondary market for the Notes

Application has been made to Euronext Paris for the Notes to be admitted to trading on Euronext Paris. However, an established trading market in the Notes may never develop or if a secondary market does develop, it may be illiquid. Although this Prospectus will be approved by the AMF as the Notes are expected to be admitted to trading on Euronext Paris as from the Issue Date, such filings may not be accepted, the Notes may not be so admitted and an active market may not develop. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected.

The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as general economic conditions, the financial condition, the creditworthiness of the Issuer and/or the Group, the outstanding amount of the Notes, any redemption features of the Notes as specified in Condition 5 of the Terms and Conditions of the Notes and the level, direction and volatility of interest rates generally. Such factors also will negatively affect the market value of the Notes.

The yield of the Notes as at the Issue Date is 1.383 per cent. *per annum*. However, investors may not be able to sell their Notes in the secondary market (in which case the market or trading price and liquidity may be adversely affected) or may not be able to sell their Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Hence, the investors may receive a lower yield than anticipated at the time of the issue.

3.2.3 Interest rate risks

The Notes bear interest on their outstanding principal amount from time to time at the rate of 1.375 per cent. *per annum*, payable annually in arrear on 17 September in each year and commencing on 17 September 2021, in accordance with Condition 4. Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value and the yield of the Notes and Noteholders may receive lower return on the Notes than anticipated at the time of the issue.

While the nominal interest rate of a fixed interest rate note is fixed during the life of such a note (as is the case for the Notes) or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such note changes in the opposite direction. If the market interest rate increases, the price of such note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate decreases, the price of a fixed rate note typically increases, until the yield of such note is approximately equal to the market interest rate. Noteholders should be aware that movements of the market interest rate can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell Notes during the period in which the market interest rate exceeds the fixed rate of the Notes.

3.3 Risks relating to the structure of the Notes

3.3.1 The Notes may be redeemed by the Issuer prior to maturity

In the event that the Issuer would be obliged to pay additional amounts payable in respect of any Notes due to any withholding as provided in Condition 5(b) of the Terms and Conditions of the Notes, the Issuer may, and in certain circumstances shall, redeem all outstanding Notes in accordance with such Condition.

In addition, the Issuer may, at its option (i) from and including 17 June 2030 to but excluding the Maturity Date, redeem the Notes outstanding on any such date, in whole or in part, at their principal amount plus accrued interest, as provided in Condition 5(f) of the Terms and Conditions of the Notes and (ii) redeem, in whole or in part, the then outstanding Notes at any time prior to the first day of the Pre-Maturity Call Period, at the relevant make whole redemption amount, as provided in Condition 5(d) of the Terms and Conditions of the Notes.

Furthermore, if seventy-five (75) per cent. or more in initial aggregate nominal amount of the Notes (including any notes assimilated to the Notes issued pursuant to Condition 12 of the Terms and Conditions of the Notes) have been redeemed or purchased and cancelled, the Issuer will have the option to redeem all of the outstanding Notes at their principal amount plus accrued interest as provided in Condition 5(e) of the Terms and Conditions of the Notes. In particular, there is no obligation for the Issuer to inform investors if and when this percentage has been reached or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of this option, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

The Issuer may choose to redeem the Notes in accordance with Conditions 5(d) and 5(f) of the Terms and Conditions of the Notes at times when prevailing interest rates may be relatively low. During a period when the Issuer may elect, or has elected, to redeem Notes, such Notes may feature a market value not substantially above the price at which they can be redeemed. As a consequence, the yields received upon redemption may be lower than expected. Furthermore, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

In addition, a partial redemption of the Notes pursuant to Conditions 5(d) and 5(f) of the Terms and Conditions of the Notes may also adversely affect liquidity for the remaining outstanding Notes depending on the number of Notes in respect of which such partial redemption is exercised.

3.3.2 Modification of the Terms and Conditions of the Notes and waiver

Condition 9 of the Terms and Conditions of the Notes contains provisions for calling meetings of Noteholders, to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority and Noteholders who did not respond to, or rejected, the relevant Written Resolution. General Meetings may deliberate on proposals relating to the modification of the Terms and Conditions of the Notes subject to the limitation provided by French law. If a decision is adopted by a majority of

Noteholders and such modifications were to impair or limit the rights of the Noteholders, this may have a negative impact on the market value of the Notes and hence investors may lose part of their investment.

By exception to the above provisions, Condition 9.1(i) provides that (i) the provisions of Article L.228-65 I. 1° and 4° of the French *Code de commerce* (respectively providing for a prior approval of the General Meeting of the Noteholders of any change in corporate purpose or form of the Issuer or of an issue of bonds benefiting from a security (*sûreté réelle*)) and the related provisions of the French *Code de commerce* shall not apply to the Notes and (ii) the provisions of Article L.228-65 I. 3° of the French *Code de commerce* (providing for a prior approval of the Noteholders in relation to any proposal to merge or demerge the Issuer in the cases referred to in Articles L. 236-13 and L. 236-18 of the French *Code de commerce*) shall not apply to the Notes only to the extent that such proposal relates to a merger or demerger with another entity controlled by Icade. As a result of these exclusions, the prior approval of the Noteholders will not have to be obtained on any such matters which may affect their interests generally.

3.3.3 Exercise of put option in respect of certain Notes following a change of control of the Issuer may affect the liquidity of the Notes in respect of which such put option is not exercised

Upon the occurrence of a Put Event further to a Change of Control of the Issuer (as more fully described in Condition 5(c) of the Terms and Conditions of the Notes), each Noteholder will have the right to request the Issuer to redeem or, at the Issuer's option, to procure the purchase of all or part of its Notes at their principal amount together with any accrued interest. In such case, any trading market in respect of those Notes in respect of which such redemption right is not exercised may become illiquid. Therefore, investors in the Notes not having exercised their put option may not be able to sell their Notes on the market and may have to wait until the Maturity Date to obtain redemption of their investments in the Notes, which may have a negative impact on the Noteholders and reduce the profits anticipated by the investors at the time of the issue. In addition, investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Notes.

3.3.4 Purchases by the Issuer in the open market or otherwise (including by way of a tender offer) in respect of certain Notes may affect the liquidity of the Notes which have not been so purchased

Depending on the number of Notes purchased by the Issuer as provided in Condition 5(h) of the Terms and Conditions of the Notes, any trading market in respect of the Notes that have not been so purchased may become illiquid. Therefore, investors in the Notes not having exercised their put options may not be able to sell their Notes on the market and may have to wait until the Maturity Date to obtain redemption of their investments in the Notes, which may have a negative impact on the Noteholders and reduce the profits anticipated by the investors at the time of the issue.

3.3.5 The use of proceeds of the Notes may not be suitable for the investment criteria of an investor

Prospective investors should have regard to the information set out in "*Use and estimated net amount of proceeds*" of this Prospectus and must determine for themselves the relevance of such information for the purpose of any investment in the Notes together with any other investigation such investor deems necessary. In particular, the use of such proceeds for any Eligible Expenditures could fail to satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect social impact of any projects or uses, the subject of or related to, any Eligible Expenditures. Furthermore, it should be noted that there is currently no clearly defined notion (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "social" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "social" or such other equivalent label and such a clear definition or consensus may not develop over time. Accordingly, Eligible Expenditures (i) could fail to meet any or all investor expectations regarding such "social" or other equivalently-labelled performance objectives and (ii) adverse social and/or other impacts could occur during the implementation of any Eligible Expenditures.

In addition, it should be noted that the second party opinion provided by Sustainalytics (the "**Second Party Opinion**") or any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of the Notes and in particular with any Eligible Expenditures may not be suitable or reliable to fulfil any social and/or other criteria. For the avoidance of doubt, neither the Second Party

Opinion, nor any such other opinion or certification is, or shall be deemed to be, incorporated in and/or form part of this Prospectus.

The Second Party Opinion or any such other opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any Notes. The Second Party Opinion or any such other opinion or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

While it is the intention of the Issuer to apply the proceeds of the Notes in, or substantially in, the manner described in "*Use and estimated net amount of proceeds*", the Eligible Expenditures may not be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Notes.

Any such event or failure to apply the proceeds of the issue of the Notes for any Eligible Expenditures as aforesaid and/or withdrawal of the Second Party Opinion or any such other opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on may have a material adverse effect on the value of the Notes and and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Any failure to comply with the reporting obligations will not constitute an Event of Default under the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the free English translation of the audited annual consolidated financial statements of the Issuer as of 31 December 2018, 2017 and 2016 (the "**2018-2017-2016 Annual Consolidated Financial Statements**") (https://icade-sante.fr/en/content/download/759/file/Icade-Sant-----consolidated-financial-statements-as-of-december-31--2018--2017-and-2016-.pdf) together with the free English translation of the Issuer's statutory auditor's report thereon (the "**Auditor's Report**") (https://icade-sante.fr/en/content/download/779/file/Statury-auditor-s-report-on-the-IFRS-Consolidated-Financial-Statements-2016-2018.pdf).

For as long as any Notes remain outstanding, copies of documents incorporated by reference (i) are available on the website of the Issuer (www.icade.fr/finance/icade-sante) and (ii) may be obtained, free of charge, at the registered office of the Issuer during normal business hours.

Other than in relation to the documents which are deemed to be incorporated by reference, the information on the websites to which this Prospectus (including for the avoidance of doubt any information on the websites which appear in the documents incorporated by reference) refers does not form part of this Prospectus and has not been scrutinised or approved by the AMF. Information incorporated by reference in this Prospectus should be read in conjunction with the cross-reference table below.

Such documents shall be deemed to be incorporated by reference in, and form part of, this Prospectus, save that any statement contained in this Prospectus or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 23 of the Prospectus Regulation modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Annex VII of the Commission Delegated Regulation 2019/980 supplementing the Prospectus Regulation		**2018-2017-2016 Annual Consolidated Financial Statements**	**Auditor's Report**
11	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**		
11.1	**Historical financial information**		
11.1.1	Historical financial information covering the latest two financial years (at least 24 months) or such shorter period as the issuer has been in operation, and the audit report in respect of each year.	Pages 1 to 45	N/A
11.1.3	**Accounting standards**		
	The financial information must be prepared according to International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002. If Regulation (EC) No 1606/2002 is not applicable the financial statements must be prepared according to:	Pages 1 to 45	N/A

	(a) a Member State's national accounting standards for issuers from the EEA as required by Directive 2013/34/EU; (b) a third country's national accounting standards equivalent to Regulation (EC) No 1606/2002 for third country issuers. Otherwise the following information must be included in the registration document: (a) a prominent statement that the financial information included in the registration document has not been prepared in accordance with International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002 and that there may be material differences in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information; (b) immediately following the historical financial information a narrative description of the differences between Regulation (EC) No 1606/2002 as adopted by the Union and the accounting principles adopted by the issuer in preparing its annual financial statements.		
11.1.5	**Consolidated financial statements** If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document.	Pages 1 to 45	N/A
11.1.6	**Age of financial information** The balance sheet date of the last year of audited financial information may not be older than 18 months from the date of the registration document.	Pages 1 to 45	N/A
11.2	**Auditing of historical annual financial information**		
11.2.1	The historical financial information must be independently audited. The audit report shall be prepared in accordance with the Directive 2014/56/EU and Regulation (EU) No 537/2014. Where Directive 2014/56/EU and Regulation (EU) No 537/2014 do not apply: (a) the historical financial information must be audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view in accordance with auditing standards applicable in a Member State or an equivalent standard. Otherwise, the following information must be included in the registration document: (i) a prominent statement disclosing which auditing standards have been applied; (ii) an explanation of any significant departures from International Standards on Auditing; (b) if audit reports on the historical financial information contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full and the reasons given.	N/A	Page 1

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes will be as follows:

The issue of €600,000,000 1.375 per cent. Notes due 17 September 2030 (the **"Notes"**) of Icade Santé (the **"Issuer"**) has been authorised by a resolution of the *Collectivité des associés* of the Issuer dated 4 September 2020 and a decision of Icade, Chairman (*Président*) of the Issuer, dated 10 September 2020. The Issuer has entered into a fiscal agency agreement (the **"Fiscal Agency Agreement"**) dated 15 September 2020 with Société Générale as fiscal agent, principal paying agent and calculation agent. The fiscal agent, principal paying agent, paying agents and calculation agent for the time being are referred to in these Conditions as the **"Fiscal Agent"**, the **"Paying Agent"** and the **"Calculation Agent"**, each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Fiscal Agency Agreement, and are collectively referred to as the **"Agents"**. References to **"Conditions"** are, unless the context otherwise requires, to the numbered paragraphs below.

In these Conditions, references to "day" or "days" are to calendar days unless the context otherwise specifies.

1 Form, Denomination and Title

The Notes are issued on 17 September 2020 (the **"Issue Date"**) in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 *et seq.* and R. 211-1 *et seq.* of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in book entry form in the books of Euroclear France (**"Euroclear France"**), which shall credit the accounts of the Account Holders. For the purpose of these Conditions, **"Account Holders"** shall mean any intermediary institution entitled to hold accounts, directly or indirectly, on behalf of its customers with Euroclear France, and includes Euroclear Bank SA/NV (**"Euroclear"**) and the depositary bank for Clearstream Banking, SA (**"Clearstream, Luxembourg"**).

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

2 Status and Negative Pledge

(a) Status of the Notes

The obligations of the Issuer under the Notes in respect of principal, interest and other amounts, constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 2(b) (*Negative Pledge*)) unsecured obligations of the Issuer (*engagements chirographaires*), and rank and will at all times rank *pari passu* and without any preference among themselves and equally and rateably with all other present or future unsecured and unsubordinated obligations (subject to exceptions mandatory under French law) of the Issuer.

(b) Negative Pledge

So long as any of the Notes remains outstanding (as defined below), the Issuer undertakes that it will not create or permit to subsist any mortgage, lien, charge, pledge or other form of security interest that would constitute a *sûreté réelle* upon any of its respective assets or revenues, present or future, to secure (i) any Bond Indebtedness (as defined below) other than Securitised Bond Indebtedness incurred by it or (ii) any guarantee or indemnity assumed or granted by it in respect of any Bond Indebtedness (other than Securitised Bond Indebtedness), unless at the same time or prior thereto, the Issuer's obligations under the Notes are equally and rateably secured therewith.

For the purpose of this Condition:

(i) **"outstanding"** means, in relation to the Notes, all the Notes issued other than: (a) those which have been redeemed on their due date or otherwise in accordance with the Conditions, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption monies (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 4 after such date) have been duly paid to the Fiscal Agent, (c) those which have been purchased and cancelled as provided in Condition 5 and (d) those in respect of which claims have become prescribed under Condition 11; and

(ii) **"Bond Indebtedness"** means any present or future indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*) or other debt securities (including *titres de créances négociables*) which are, or are capable of being, quoted, admitted to trading or ordinarily dealt in any stock exchange, over-the counter or other securities market.

(iii) "**Securitised Bond Indebtedness**" means any Bond Indebtedness of the Issuer incurred in respect of or in connection with any securitisation or similar financing arrangement relating to assets owned by the Issuer and where the recourse of the holders of such Bond Indebtedness against the Issuer is limited solely to such assets or any income generated therefrom.

3 Restriction on Secured Borrowings

The Issuer agrees that, so long as any of the Notes remains outstanding and except with the prior approval of the General Meeting (as defined under Condition 9.1) of the Noteholders, the Unsecured Revalued Assets Value (as defined below) shall not be less than the Relevant Debt (as defined below) at any time.

"Appraisal Value" means, with respect to any Person, the aggregate market value of all Real Estate Assets owned or held directly or indirectly by such Person (including through financial leases and including the Real Estate Assets used as operating properties) as it is shown in, or derived from, the latest annual or semi-annual consolidated financial statements of the Issuer.

"Financial Indebtedness" means at any time any obligation for the payment or repayment of money, whether present or future, in respect of:

(i) any outstanding principal amount (together with any fixed or minimum premium payable on final repayment) of all moneys borrowed (with or without security);

(ii) any amounts raised by acceptance or under any acceptance credit opened by a bank or other financial institution;

(iii) any lease, sale-and-lease-back, sale-and-repurchase or hire purchase contracts or arrangements which would, in accordance with the accounting principles applicable in the preparation of the latest consolidated financial statements of the Issuer, be treated as financial debt (*emprunts et dettes financières*);

(iv) the outstanding principal amount of any bond (*obligation*), note or other similar security (including *titres de créances négociables*) of any member of the Group;

(v) any outstanding amount of the deferred purchase price of Real Estate Assets (as defined below) where payment (or, if payable in instalments, the final instalment) is due more than one (1) year after the date of purchase of such Real Estate Asset; or

(vi) any amount raised under any other transaction which is treated in accordance with the relevant accounting principles in the latest consolidated balance sheet as financial debt (*emprunts et dettes financières*) (or, in the case of such amounts raised after the date of this Prospectus, would have been so treated had they been raised on or prior to such date);

provided that:

(a) for purposes of computing the outstanding principal amount of any Financial Indebtedness in paragraphs (i) to (vi) above, any interest, dividends, commission, fees or the like shall be excluded save to the extent that they have been capitalised; and

(b) no amount shall be included or excluded more than once in calculating the amount of principal outstanding in respect of any Financial Indebtedness.

"Group" means the Issuer and its Subsidiaries taken as a whole;

"Person" includes any individual, company, corporation, firm, partnership, joint-venture, association, organisation, trust, state or agency of a state (in each case whether or not having separate legal personality);

"Property Valuers" means the or those property valuer(s) of the Issuer referred to in its most recent annual report or, in the event that the Issuer publishes semi-annual financial information including revaluations of its Real Estate Assets, in its most recent semi-annual financial report, or any other recognised property valuer of comparable repute as selected by the Issuer;

"Real Estate Assets" means (i) those assets of any Person being real estate properties (being land and buildings (either completed or under construction) and those assets used or held by any Person under any construction lease agreements (*baux à construction*) or long-term lease agreements (*baux emphythéotiques*) and (ii) equity or equivalent investments (*participations*) directly or indirectly held in any other Real Estate Subsidiary;

"Real Estate Subsidiary" means a Subsidiary which is a *société à prépondérance immobilière* (or its equivalent in any other jurisdiction) or any other Subsidiary (whether listed or not listed) whose more than fifty (50) per cent. of the assets comprise real estate assets.

"Relevant Debt" means at any time the aggregate amount of the Financial Indebtedness of the Issuer as shown in, or derived from, the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer, excluding any Secured Debt;

"Revalued Assets Value" means at any time, with respect to the Issuer, (i) the Appraisal Value (excluding transfer rights (*droits de transferts*), latent taxes (*fiscalité latente*) and legal duties (*frais d'actes*)) provided by the Property Valuers on all relevant Real Estate Assets owned or held directly or indirectly by the Issuer (including through financial leases and including the Real Estate Assets used as operating properties) as shown in the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer and restated from the share not held by the Issuer of assets held by Persons that are proportionally consolidated in such Issuer's consolidated financial statements and (ii) the value of the equity-accounted investments (including advances) held directly or indirectly by the Issuer in any Person as shown in such financial statements;

"Secured Debt" means at any time the aggregate amount of the Financial Indebtedness of the Issuer as shown in, or derived from, the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer, that is secured by or benefits from a Security Interest over any of the Group's assets;

"Security Interest" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest which would constitute a *sûreté réelle* or any other agreement or arrangement having substantially the same economic effect (including, but not limited to, any retention of title, lease or hire purchase arrangement);

"Subsidiary" means each subsidiary, as defined in Article L.233-1 of the French *Code de commerce*, of the Issuer or an entity controlled (within the meaning of Article L.233-3 of the French *Code de commerce*) by the Issuer; and

"Unsecured Revalued Assets Value" means at any time an amount equal to the Revalued Assets Value less the Secured Debt.

4 Interest

The Notes bear interest at the rate of 1.375 per cent. *per annum*, from and including 17 September 2020 (the **"Interest Commencement Date"**) to but excluding 17 September 2030 (the **"Maturity Date"**), payable annually in arrear on 17 September in each year (each an **"Interest Payment Date"**), and for the first time on 17 September 2021. The period commencing on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Payment Date and each successive period commencing on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is called an **"Interest Period"**.

Notes will cease to bear interest from the date provided for their redemption, unless the Issuer defaults in making due provision for their redemption on said date. In such event, the Notes will continue to bear interest in accordance with this Condition (as well after as before judgment) on the principal amount of such Notes until whichever is the earlier of (i) the day on which all sums due in respect of such Notes up to that day are received by or on behalf of the relevant holder and (ii) the day after the Fiscal Agent has notified the holders of the Notes (the **"Noteholders"**) in accordance with Condition 10 of receipt of all sums due in respect of all the Notes up to that day.

Interest will be calculated on an Actual/Actual (ICMA) basis. Where interest is to be calculated in respect of a period of less than one (1) year, it shall be calculated on the basis of the number of days elapsed in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in such period in which the relevant period falls (including the first but excluding the last day of such period).

5 Redemption and Purchase

The Notes may not be redeemed or purchased otherwise than in accordance with this Condition 5 and Condition 8.

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer at their principal amount on 17 September 2030.

(b) Redemption for Taxation Reasons

(i) If, by reason of a change in French law or regulation, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 7 below, the Issuer may on any Interest Payment Date, subject to having given not more than sixty (60) nor less than thirty (30) days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but not some only, of the outstanding Notes at their principal amount plus any interest accrued to the date fixed for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal and interest without withholding or deduction for French taxes.

(ii) If the Issuer would on the occasion of the next payment in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven (7) days' prior notice to the Noteholders in accordance with Condition 10 redeem all, but not some only, of the Notes then outstanding at their principal amount plus any accrued interest on the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes without withholding or deduction for French taxes, or, if such date is past, as soon as practicable thereafter.

(c) Redemption at the option of the Noteholders following a Change of Control

If at any time while any Note remains outstanding (i) a Change of Control occurs and (ii) within the Change of Control Period, (x) (if at the time of the Change of Control the Issuer and/or the Notes outstanding have a rating from a Rating Agency) a Rating Downgrade occurs or has occurred as a result of such Change of Control or (y) (if at the time of the Change of Control the Issuer and/or the Notes outstanding do not have a rating from a Rating Agency) a Negative Rating Event in respect of that Change of Control occurs (such Change of Control and Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Change of Control Period together called a **"Put Event"**), each Noteholder will have the option (the **"Change of Control Put Option"**) (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Condition 5) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of that Note, on the

Optional Redemption Date (as defined below). Each Note shall be redeemed or purchased at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest to (but excluding) the Optional Redemption Date.

A "**Change of Control**" shall be deemed to have occurred each time that any person or persons acting in concert (the **"Relevant Person"**) (other than Icade and/or any company or other legal entity which are controlled by Icade within the meaning of Article L.233-3 of the French *Code de commerce*) come(s) to own, directly or indirectly, more than 50 per cent of the share capital or voting rights normally exercisable at a general meeting of the Issuer.

"**Change of Control Period**" means the period commencing on the date that is the earlier of (i) the date of the first public announcement of the occurrence of the relevant Change of Control; and (ii) the date of the earliest Potential Change of Control Announcement (if any) and ending on the date which is 180 days after the date of the first public announcement of the occurrence of the relevant Change of Control.

"Negative Rating Event" shall be deemed to have occurred if the Notes have no credit rating and no Rating Agency assigns an investment grade rating to the Notes within the Change of Control Period, provided that the Rating Agency (A) announces or publicly confirms or, (B) having been so requested by the Issuer, informs the Issuer or the Fiscal Agent in writing that its declining to assign such rating was the result, in whole or in part, of the applicable Change of Control (whether or not the Change of Control shall have occurred at the time such rating is declined).

"**Potential Change of Control Announcement**" means any public announcement or public statement by the Issuer or any actual or potential bidder relating to any potential Change of Control, such announcement or statement occurring no more than 120 days prior to the first public announcement of the occurrence of the relevant Change of Control.

"Rating Agency" means any of the following: (a) Standard & Poor's Global Ratings, a division of the McGraw-Hill Companies, Inc.; or (b) any other rating agency of equivalent international standing established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended and requested from time to time by the Issuer to grant a rating and, in each case, their respective successors or affiliates.

A **"Rating Downgrade"** shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period:

(A) the rating previously assigned to the Notes or to the Issuer by any Rating Agency is (x) withdrawn or (y) changed from an investment grade rating (BBB-, or its equivalent for the time being, or better) to a non-investment grade rating (BB+, or its equivalent for the time being, or worse); and

(B) such rating is not within the Change of Control Period subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) either to an investment grade credit rating (in the case of (y)) or to its earlier credit rating or better (in the case of (x)) by such Rating Agency;

provided however that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed to have occurred in respect of a particular Change of Control only if (i) the Rating Agency making the relevant decision referred to above publicly announces or publicly confirms that such decision was the result, in whole or in part, of the Change of Control or (ii) the Rating Agency making the relevant decision referred to above has confirmed in a letter or other form of written communication sent to the Issuer and publicly disclosed that such decision was the result, in whole or in part, of the Change of Control, and provided further that if the Notes are rated by more than one Rating Agency, a Rating Downgrade shall be deemed not to have occurred in respect of a particular Put Event if only one Rating Agency has withdrawn or lowered its rating.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **"Put Event Notice"**) to the Fiscal Agent and to the Noteholders in accordance with Condition 10 specifying the nature of the Put Event, the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option contained in this section.

To exercise the Change of Control Put Option to require redemption or, as the case may be, purchase of a Note under this section, a Noteholder must transfer (or cause to be transferred by its Account Holder) its Notes to be so redeemed or purchased to the account of the Fiscal Agent (details of which are specified in the Put Option Notice) for the account of the Issuer within the period of forty-five (45) days after the Put Event Notice is given (the **"Put Period"**), together with a duly signed and completed notice of exercise in the form obtainable from the specified office of the Fiscal Agent or the Paying Agent (a **"Put Option Notice"**) and in which the Noteholder shall specify a bank account denominated in euro to which payment is to be made under this Condition.

A Put Option Notice once given shall be irrevocable.

The Issuer shall redeem or, at the option of the Issuer, procure the purchase of, the Notes in respect of which the Change of Control Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the accounts of the Fiscal Agent for the account of the Issuer as described above on the date which is the fifth (5th) Business Day following the end of the Put Period (the **"Optional Redemption Date"**). Payment in respect of any Note so transferred will be made via the relevant Account Holders on the Optional Redemption Date in Euro to the Euro-denominated bank account specified by the Noteholder in the Put Option Notice.

For the avoidance of doubt, no additional amount shall be payable by the Issuer to a Noteholder as a result of or in connection with such Noteholder's exercise of, or otherwise in connection with, any Put Option (whether as a result of any purchase or redemption arising therefrom or otherwise).

(d) *Make Whole Redemption by the Issuer*

The Issuer will, subject to compliance by the Issuer with all relevant laws, regulations and directives and having given not less than thirty (30) nor more than forty-five (45) days' notice in accordance with Condition 10 to the Noteholders (which notice shall be irrevocable), have the option to redeem the Notes, in whole or in part, at any time prior to the first day of the Pre-Maturity Call Period (the **"Optional Make Whole Redemption Date"**) at their **"Optional Redemption Amount"** (as defined below) together with any accrued and unpaid interest up to, but excluding, the Optional Make Whole Redemption Date and any additional amounts.

The Optional Redemption Amount will be calculated by the Calculation Agent and will be an amount in Euro rounded to the nearest cent (half a cent being rounded upwards) being the greater of (x) one hundred (100) per cent. of the Principal Amount (as defined below) of the Notes so redeemed and, (y) the sum of the then present values on the Optional Make Whole Redemption Date of (i) the Principal Amount (as defined below) of the Notes and (ii) of the remaining scheduled payments of interest on such Note until the first day of the Pre-Maturity Call Period (determined on the basis of the interest rate applicable to such Note from but excluding the Optional Make Whole Redemption Date), discounted to the Optional Make Whole Redemption Date on an annual basis (Actual / Actual ICMA) at the Early Redemption Rate plus an Early Redemption Margin.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

"Early Redemption Margin" means 0.30 per cent. *per annum*.

"Early Redemption Rate" means the average of the five (5) quotations given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Benchmark Security on the fourth (4th) business day in Paris preceding the Optional Make Whole Redemption Date at 11.00 a.m. (Central European time (CET)).

If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent after prior consultation with the Issuer if practicable under the circumstances, at 11.00 a.m. (Central European time (CET)) on the fourth (4th) business day in Paris preceding the Optional Make Whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer.

"Principal Amount" means €100,000.

"Reference Benchmark Security" means the German government bond (bearing interest at a rate of 0.00 per cent. *per annum* and maturing on 15 August 2030 with ISIN DE0001102507).

"Reference Dealers" means each of the five (5) banks (that may include the Joint Lead Managers) selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

"Similar Security" means a reference bond or reference bonds issued by the German Government having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

(e) *Clean-Up Call Option*

In the event that seventy-five (75) per cent. or more in initial aggregate nominal amount of the Notes (including any further notes to be assimilated with the Notes pursuant to Condition 12) have been redeemed or purchased and cancelled and provided that the Issuer has not redeemed the Notes in part pursuant to Condition 5(d) above, the Issuer may, at its option, subject to having given not more than sixty (60) nor less than thirty (30) days' prior notice to the Noteholders in accordance with Condition 10 (which notice shall be irrevocable), redeem the outstanding Notes, in whole but not in part, at their principal amount plus accrued interest up to but excluding the date fixed for redemption.

(f) *Pre-Maturity Call Option*

The Issuer may, at its option, from and including 17 June 2030 to but excluding the Maturity Date (the "**Pre-Maturity Call Period**"), subject to having given not more than sixty (60) nor less than thirty (30) days' prior notice to the Noteholders in accordance with Condition 10 (which notice shall be irrevocable), redeem the outstanding Notes, in whole or in part, at their principal amount plus accrued interest up to but excluding the date fixed for redemption.

(g) *Partial Redemption*

If the Issuer decides to redeem the Notes in part as set out in Conditions 5(d) and 5(f), such partial redemption will be effected by reducing the nominal amount of all such Notes in proportion to the aggregate nominal amount redeemed on such day, subject to compliance with any applicable laws and, so long as the Notes are admitted to trading on Euronext Paris, the requirements of Euronext Paris.

(h) *Purchases*

The Issuer may at any time purchase Notes together with rights to interest relating thereto in the open market or otherwise (including by way of tender offer) at any price and on any condition, subject to compliance with any applicable laws. Notes so purchased by the Issuer may be cancelled or held and resold in accordance with Articles L.213-0-1 and D.213-0-1 of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes.

(i) *Cancellation*

All Notes which are redeemed or purchased for cancellation pursuant this Condition will forthwith be cancelled and accordingly may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6 Payments

(a) *Method of Payment*

Payments of principal and interest in respect of the Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account to which Euro may be credited or transferred) specified by the payee in a city in which banks have access to the TARGET System. **"TARGET System"** means the Trans European Automated Real Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

Payments of principal and interest on the Notes will, in all cases, be subject to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(b) *Payments on Business Days*

If any due date for payment of principal or interest in respect of any Note is not a Business Day (as defined below), then the Noteholder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day and the Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

In these Conditions, **"Business Day"** means any day, not being a Saturday or a Sunday, on which the TARGET System is operating and on which Euroclear France is open for general business.

(c) *Fiscal Agent, Calculation Agent and Paying Agent*

The names of the initial Agents and their specified offices are set out below:

Société Générale
32, rue du Champ de Tir
CS 30812
44308 Nantes Cedex 3
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Calculation Agent or the Paying Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts. Notice of any such change or any change of specified office shall promptly be given to the Noteholders in accordance with Condition 10.

7 Taxation

(a) *Withholding Tax*

All payments of principal, interest and other assimilated revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction or any political subdivision or any authority thereof having power to tax, unless such withholding or deduction is required by law.

(b) *Additional Amounts*

If, pursuant to French laws or regulations, payments of principal, interest or other assimilated revenues in respect of any Note become subject to withholding or deduction in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Note, after such withholding or deduction, will receive the full amount then due and payable thereon in the absence of such withholding or deduction; provided however that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with France other than the mere holding of such Note.

Any references in these Conditions to principal, interest and other assimilated revenues shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 7.

8 Events of Default

The Representative (as defined in Condition 9.1) of the *Masse* (as defined in Condition 9.1), upon request of any Noteholder, shall, by written notice sent to the Issuer, with a copy to the Fiscal Agent, require all the Notes (but not some only) to be redeemed at their principal amount, together with accrued interest thereon as of the date on which a copy of such notice for payment is received by the Fiscal Agent, if any of the following events (**"Events of Default"**) occurs, unless such Events of Default have been cured by the Issuer prior to the receipt of such notice:

(a) if any amount of principal or interest on any Note shall not be paid by the Issuer on the due date thereof and such default shall not be remedied by the Issuer within a period of fifteen (15) days from such due date; or

(b) if the Issuer defaults in the due performance of any other obligation in respect of the Notes and such default continues for a period of thirty (30) days following receipt by the Issuer of a written notice of such default given by the Representative of the *Masse*; or

(c) if (i) any other present or future Financial Indebtedness (as defined in Condition 3) of the Issuer or any of its Material Subsidiaries (as defined below) becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described) in respect of such Financial Indebtedness and including, where applicable, after the delivery of any notice and/or the expiration of any applicable grace period required in order for such Financial Indebtedness to become so due and payable, or (ii) any such present or future Financial Indebtedness is not paid by the Issuer or any of its Material Subsidiaries when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due or, as the case may be, within any applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any present or future Financial Indebtedness; provided that the aggregate amount of the relevant Financial Indebtedness and/or guarantees or indemnities, individually or in the aggregate, is equal to or in excess of €40 million (or its equivalent in any other currency); or

(d) if the Issuer is wound up or dissolved or ceases to carry on all or substantially all of its business except (i) in connection with a merger or spin-off (including *fusion-scission*), consolidation, amalgamation or other form of reorganisation pursuant to which the surviving entity shall be the transferee of or successor to all or substantially all of the business of the Issuer and assumes all of the obligations of the Issuer with respect to the Notes or (ii) on such other terms approved by a resolution of the general meeting of the Noteholders; or

(e) if the Issuer or any of its Material Subsidiaries (i) makes any proposal for a general moratorium in relation to its debts or (ii) any judgment is issued for its judicial liquidation (*liquidation judiciaire*) or the transfer of the whole of its business (*cession totale de l'entreprise*) in the context of a procedure of judicial liquidation (*liquidation judiciaire*) or of a judicial rehabilitation (*redressement judiciaire*).

For the purpose of this Condition:

(i) **"Material Subsidiary"** means, on any given date, any Subsidiary (as defined in Condition 3) of the Issuer which is consolidated by way of global consolidation (*intégration globale*) (i) which has EBITDA representing ten (10) per cent. or more of the Consolidated EBITDA or (ii) which Contributory Revalued Net Assets represent more than ten (10) per cent. of the Revalued Assets Value (as defined in Condition 3) of the Issuer, in each case calculated by reference to the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer;

(ii) **"Consolidated EBITDA"** means the EBITDA (*Excédent brut opérationnel*) of the Issuer as shown in its latest audited annual or unaudited semi-annual consolidated financial statements;

(iii) **"EBITDA"** means, with respect to a Subsidiary, the EBITDA of this Subsidiary as shown in its latest audited annual or unaudited semi-annual financial statements;

(iv) **"Contributory Revalued Net Assets"** means the product of the Relevant Revalued Assets Value of the relevant Subsidiary and the rate of direct or indirect detention of the Issuer in the relevant Subsidiary; and

(v) **"Relevant Revalued Assets Value"** means for any Subsidiary the Appraisal Value (as defined in Condition 3) (excluding transfer rights (*droits de transferts*), latent taxes (*fiscalité latente*) and legal duties (*frais d'actes*)) provided by the Property Valuers (as defined in Condition 3) on all relevant Real Estate Assets (as defined in Condition 3) owned by said Subsidiary (including through financial leases and including the Real Estate Assets used as operating properties) as shown in the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer and (ii) the value of the equity-accounted investments (including advances) held directly or indirectly by the Subsidiary in any Person (as defined in Condition 3) as shown in such financial statements.

9 Representation of the Noteholders

9.1 General

Noteholders will be grouped automatically for the defence of their common interests in a masse (the **"*Masse*"**). The Masse will be governed by the provisions of the French *Code de commerce*, and with the exception of Articles L.228-48, L.228-59, L.228-65 I. 1°, 3° and 4°, L.228-71, R. 228-61, R.228-67, R.228-69, R. 228-79 and R. 236-11 subject to the following provisions:

(a) **Legal Personality:** The Masse will be a separate legal entity and will act in part through a representative (the **"Representative"**) and in part through collective decisions of the Noteholders (the **"Collective Decisions"**).

The Collective Decisions are adopted either in general meeting (the "**General Meeting**") or by consent following a written consultation (the "**Written Resolution**" as defined in Condition 9.2).

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

(b) **Representative:** The office of the Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

(i) the Issuer, its Chairman, its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or

(ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors (*Conseil d'administration*), Management Board (*Directoire*) or Supervisory Board (*Conseil de surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouses; or

(iii) companies holding ten (10) per cent. or more of the share capital of the Issuer or companies having ten (10) per cent. or more of their share capital held by the Issuer; or

(iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The following person is designated as initial Representative of the *Masse*:

Association de Représentation des Masses de Titulaires de Valeurs Mobilières (ARM)
Centre Jacques Ferronnière
32 rue du Champ de Tir
CS 30812 – 44308 Nantes cedex 3
Contact email : service@asso-masse.com

The Issuer shall pay on the Issue Date to the Representative of the Masse an amount equal to €4,000 (VAT excluded).

The Representative will exercise its duty until its death, liquidation, dissolution, resignation or termination of its duty by a General Meeting or until it becomes unable to act. Such Representative will be replaced by an alternate Representative which will be elected by a meeting of the general assembly of Noteholders. Its appointment shall automatically cease on the Maturity Date, or any date on which all the Notes are redeemed prior to the Maturity Date in accordance with these Conditions.

(c) **Powers of the Representative:** The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative may not interfere in the management of the affairs of the Issuer.

(d) **General Meeting:** A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting, together with the proposed agenda for such General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent *(mandataire*) who will call the General Meeting.

Notice of the date, time, place, agenda and quorum requirements of any General Meeting will be published as provided under Condition 10 not less than fifteen (15) days prior to the date of such General Meeting on first convocation and six (6) days on second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by proxy, correspondence, or by videoconference or any other means of telecommunications allowing the identification of the participating Noteholders. Each Note carries the right to one vote.

(e) **Powers of the General Meetings:** The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the liabilities (*charges*) to Noteholders, nor establish any unequal treatment between the Noteholders, nor to decide to convert Notes into shares.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least a fifth of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third majority of votes cast by Noteholders attending such General Meetings or represented thereat.

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder on the second (2nd) business day in Paris preceding the date set for the meeting of the relevant General Meeting at 0:00, Paris time.

(f) **Information to Noteholders:** Each Noteholder or Representative thereof will have the right, during the fifteen-day (15) period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of the Paying Agent and at any other place specified in the notice of the General Meeting.

(g) **Expenses:** The Issuer will pay all reasonable expenses relating to the operation of the Masse, including expenses relating to the calling and holding of Collective Decisions and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

(h) **Notice of Decisions:** Decisions of the meetings and Written Resolutions (as defined below) shall be published in accordance with the provisions set out in Condition 10 not more than ninety (90) days from the date thereof.

(i) **Exclusion of certain provisions of the French *Code de commerce*:** The provisions of Article L.228-65 I. 1° and 4° of the French *Code de commerce* (respectively providing for a prior approval of the General Meeting of the Noteholders of any change in corporate purpose or form of the Issuer or of an issue of bonds benefiting from a security (*sûreté réelle*)) and the related provisions of the French *Code de commerce* shall not apply to the Notes.

The provisions of Article L.228-65 I. 3° of the French *Code de commerce* (providing for a prior approval of the Noteholders in relation to any proposal to merge or demerge the Issuer in the cases referred to in Articles L. 236-13 and L. 236-18 of the French *Code de commerce*) shall not apply to the Notes only to the extent that such proposal relates to a merger or demerger with another entity controlled by Icade.

9.2 Written Resolutions and Electronic Consent

Pursuant to Article L.228-46-1 of the French *Code de commerce*, the Issuer shall be entitled, in lieu of convening a *Masse*, to seek approval of a resolution from the Noteholders by way of a Written Resolution. Subject to the following sentence, a Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders. Pursuant to Articles L.228-46-1 and R.223-20-1 of the French *Code de commerce*, approval of a Written Resolution may also be given by way of electronic communication allowing the identification of Noteholders ("**Electronic Consent**").

Notice seeking the approval of a Written Resolution (including by way of Electronic Consent) will be published as provided under Condition 10 not less than five (5) calendar days prior to the date fixed for the passing of such Written Resolution (the "**Written Resolution Date**"). Notices seeking the approval of a Written Resolution will contain the conditions of form and time-limits to be complied with by the Noteholders who wish to express their approval or rejection of such proposed Written Resolution. Noteholders expressing their approval or rejection before the Written Resolution Date will undertake not to dispose of their Notes until after the Written Resolution Date.

For the purpose of these Conditions, "**Written Resolution**" shall mean a resolution in writing signed or approved by or on behalf of the holders of not less than ninety (90) per cent. in nominal amount of the Notes outstanding. References to a Written Resolution include, unless the context otherwise requires, a resolution approved by Electronic Consent.

10 Notices

Any notice to the Noteholders will be valid if delivered to the Noteholders through Euroclear France, Euroclear or Clearstream, Luxembourg, and, for so long as the Notes are admitted to the operations of such depositaries or custodian, published on the website of the Issuer (https://www.icade.fr/finance/icade-sante); and so long as the Notes are admitted to trading on Euronext Paris and the rules of Euronext Paris so require, on the website of Euronext Paris (www.euronext.com). Any such notice shall be deemed to have been given on the date of such delivery or, if delivered more than once or on different dates, on the first date on which such delivery is made.

11 Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.

12 Further Issues

The Issuer may, from time to time without the consent of the Noteholders, issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated notes will, for the defence of their common interests, be grouped in a single Masse having legal personality.

13 Governing Law and Jurisdiction

The Notes are governed by the laws of France.

The competent courts within the jurisdiction of the Court of Appeal of Paris have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes.

USE AND ESTIMATED NET AMOUNT OF PROCEEDS

The estimated net proceeds of the issue of the Notes will amount to €597,456,000.

The proceeds of the issue of the Notes will be earmarked to the refinancing, in whole or in part, of existing Eligible Expenditures in Eligible Asset Categories ("**Social Bonds**") as set out in the Issuer's Social Bond Framework (as amended and supplemented from time to time) (the "**Framework**") available on the Issuer's website (https://icade-sante.fr/en/content/download/782/file/Icade-Sant---Social-Bond-Framework---Septembre-2020.pdf).

In relation to Social Bonds and as further described in the Framework, the Issuer intends to be fully compliant with the following four core components of the 2020 Social Bond Principles published by the International Capital Market Association (the "**Principles**"): (i) use of proceeds, (ii) process for project evaluation and selection, (iii) management of proceeds and (iv) reporting. It may be further updated or expanded to reflect evolutions in market practices, regulation and in the Issuer's activities.

The Framework sets out Eligible Expenditures in Eligible Asset Categories that have been identified by the Issuer.

A second party opinion has been obtained from the second party opinion provider Sustainalytics on the Framework, assessing the sustainability of the Framework and its alignment with the Principles. This document is available on the Issuer's website (https://icade-sante.fr/en/content/download/781/file/Icade-Sant---Social-Bond-Framework-Second-Party-Opinion.pdf).

In relation to the issue of Social Bonds, the Issuer intends to publish on an annual basis a report on the allocation of the proceeds raised through Social Bonds as well as impact metrics. The Issuer's statutory auditors will be requested to certify the effective allocation of proceeds of the Social Bonds. The auditors' reports on the allocation of proceeds will be available on the Issuer's website (www.icade.fr/finance/icade-sante).

DESCRIPTION OF THE ISSUER

I. Information about the Issuer

1. Issuer name

The name of the Issuer is "Icade Santé".

2. Registration location and number

The Issuer is registered with the Nanterre Trade and Companies Register (RCS Nanterre) under number 318 251 600.

LEI: 96950067NFR9MWI0CJ45

3. Date of incorporation and term of the Issuer

The Issuer was incorporated on 10 October 2007 for a term of 99 years, unless it is dissolved early or extended by collective decision of the shareholders pursuant to law and the articles of association.

The corporate year begins on 1 January and closes on 31 December of each year.

4. Headquarters, legal form and governing laws

The headquarters of the Issuer are located 27, Rue Camille Desmoulins, 92130 Issy les Moulineaux, France. The telephone number of the headquarters is +33 1 41 57 70 00.

The Issuer is a French simplified joint stock company (*société par actions simplifiée*).

The address of the Issuer's website is: https://www.icade.fr/finance/icade-sante. The information provided on the Issuer's website is not part of this Prospectus.

II. Business overview

Leader in investments in healthcare facilities in France[1], Icade Santé is a subsidiary of Icade, an integrated real estate player and the fifth property investment company in France[2]. It relies on its recognized expertise in healthcare real estate, long-term institutional shareholding, and presence along the whole real estate value chain. Icade Santé started operations in 2007 with a focus on private clinic facilities and has diversified by investing in nursing homes since 2018.

As of 30 June 2020, Icade Santé holds a portfolio of 132 healthcare facilities, located exclusively in France, representing €5 billion in assets (excluding duties, at 100%).

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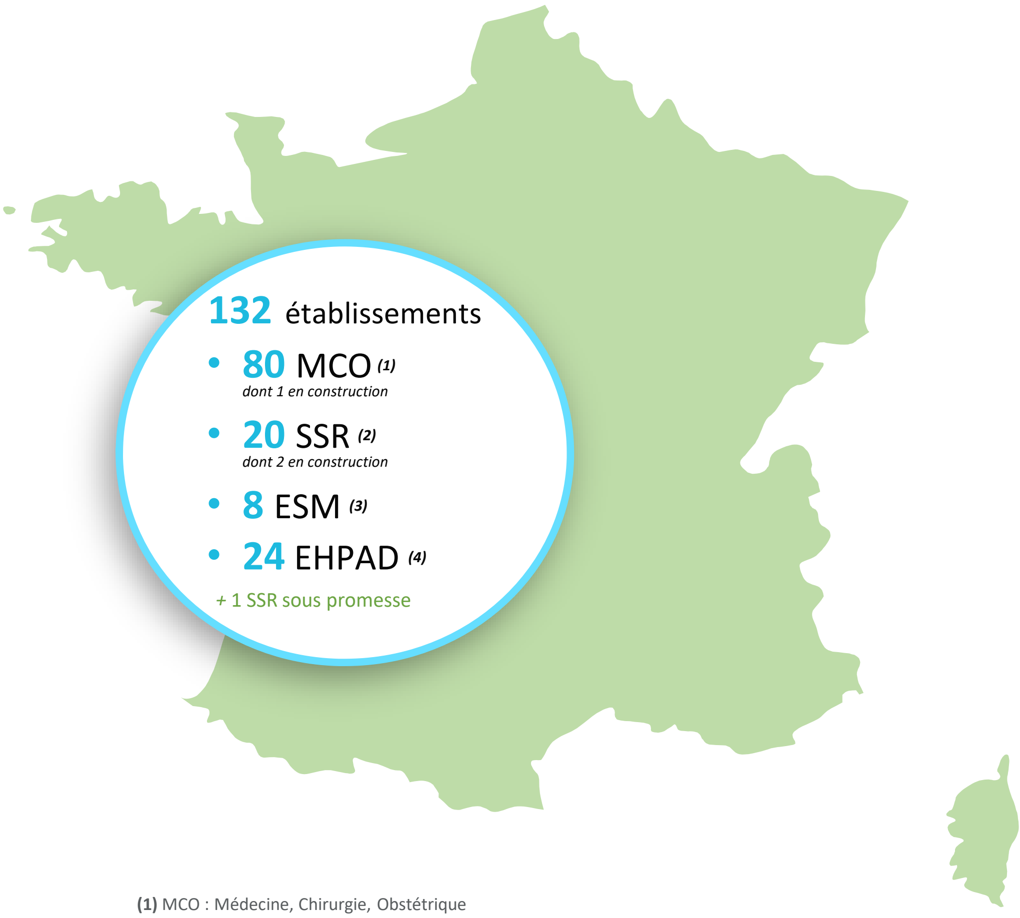
[1] In terms of portfolio value as of 30 June 2020.

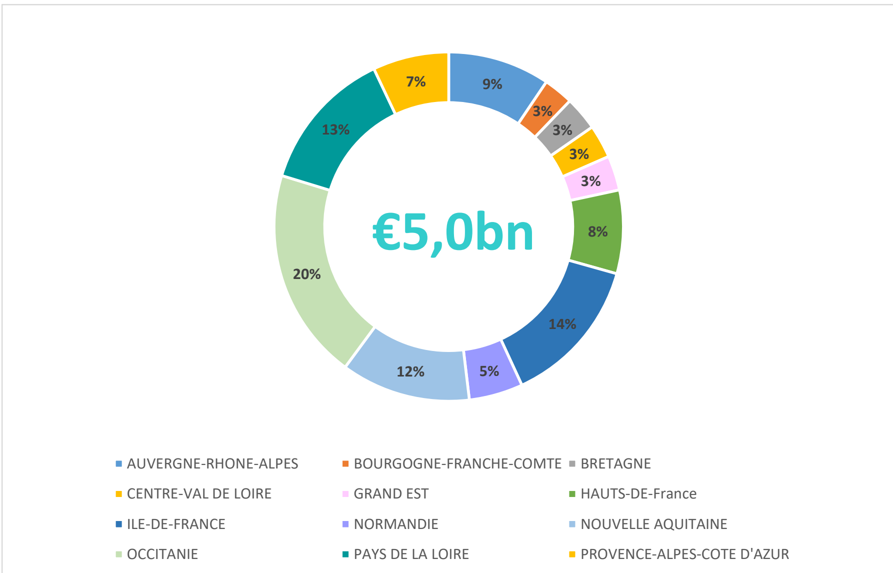
[2] In terms of portfolio value as of 30 June 2020 and based on the annual reports of property investment companies operating in France.

The following map shows the geographical split of these facilities as of 30 June 2020:



(1) MCO : Médecine, Chirurgie, Obstétrique
(2) SSR : Soins de Suite et Réadaptation
(3) ESM : Établissement de Santé Mentale
(4) EHPAD : Établissement d'Hébergement pour Personnes Âgées Dépendantes

The following chart shows the geographic distribution of the healthcare portfolio in France (in %) as of 30 June 2020:



Through long-term partnerships, it supports healthcare operators to develop their activities, modernize their facilities, and meet local needs. The expertise of Icade Santé's teams covers real estate investment, project management for complex projects, and detailed knowledge of the challenges facing players in healthcare.

Thanks to its strengths, Icade Santé has developed long-term partnerships with national private hospitalisation operators, such as Elsan, Ramsay Santé, and Vivalto Santé, but also with regional groups firmly rooted in their local areas. The framework agreement signed with the Korian group in 2017 regarding senior care and services also illustrates this support.

As Icade Santé's portfolio consists mainly of private acute care facilities, its tenants have played a crucial role in fighting the Covid-19 pandemic. However, due in part to the measures introduced by the French government in support of healthcare operators, Icade Santé has not felt the full brunt of the Covid-19 crisis. By the end of June, the situation had almost returned to normal, demonstrating the resilience of this asset class (see also note 2.1 to the condensed consolidated financial statements of the Issuer as of 30 June 2020 included in this Prospectus).

Looking ahead to 2022, Icade Santé's main objective is to strengthen its leading position as healthcare property company in France in the private clinic sector and continue its diversification in the nursing home sector. In this context, Icade, the Group's majority shareholder, published an objective to proceed with investments for an amount of approximately €1 billion over the 2019 – 2022 period for the French activities of its healthcare property division (corresponding to the perimeter of the Group's activities)[1]. As of 30 June 2020, 50% of this amount has been invested. Icade Santé has not published any guidance as of the date of this Prospectus.

1. Presentation of the healthcare sector market[2]

a. A healthcare sector more vital now than ever

While the healthcare sector has always been a buoyant and less cyclical market than the rest of the economy, the coronavirus crisis has proven its resilience and left no doubt about its pivotal role. A consensus has now been reached about the need to strengthen healthcare systems. This crisis adds to current underlying trends such as an ageing population, rising healthcare costs and the growing burden of chronic diseases.

In France, this new set of circumstances will inevitably lead to an increase in current health expenditure. This is in contrast to the 2008 financial crisis which slowed its growth by 2% on average starting in 2010 as compared with +4.5% previously. Consequently, close to €8 billion has been spent on emergency aid to deal with the pandemic (raising France's target growth in healthcare spending to 6.5% instead of the initial 2.3%). In addition, a guaranteed minimum level of income has been decreed for all healthcare facilities, whether public or private, thus strengthening their financial position.

At the end of the lockdown period, the government launched the "*Ségur de la Santé*" project in line with the "*Ma Santé 2022*" reform. Its aim is to accelerate the pace of the reform while at the same time applying the lessons learned from the health crisis. The French Health Ministry declared its intention to "recognise the contribution of healthcare workers" and "define a new investment and funding policy".

The health crisis has also shed new light on the importance of nursing homes in the healthcare system. In June 2020, the government agreed on the principle of a 5 th branch of the social security system to be dedicated to long-term care, with a 0.15 percentage point of general social contributions (CSG) allocated (€2.3 billion) by 2024. Draft legislation will also be announced by the end of 2020. The medical-social sector in France is also the particular focus of draft legislation on "dependency",that was tabled to the Parliament on 27 May 2020 under an accelerated procedure. Drawing on the Libault report submitted in March 2019, it could provide new resources and expand the role of nursing homes as part of a more comprehensive approach to dependency.

The importance of health issues is also being recognised in Europe through a €9.4 billion programme designed to strengthen national health systems and promote their coordination in response to potential new health threats.

b. Assets with attractive features

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1 See 2018 full-year results presentation of Icade SA dated 18 February 2019, page 20. This objective is subject to the current analysis by Icade, the Group's majority shareholder, of the impact of the pandemic on its multi-year goals and 2019-2022 Strategic Plan, mentioned in Icade's half year results 2020 press release published on 21 July 2020.

2 *Sources: DREES Santé, Cushman & Wakefield, MSCI, RCA.*

The healthcare sector represents a promising market that is less cyclical than the rest of the economy, thanks to underlying fundamentals such as the ageing population in Europe, rising healthcare costs and the prevalence of chronic diseases.

Property investors work in partnership with healthcare operators. Sale-and-leaseback transactions allow healthcare providers to free up capital for their business and reduce the funding required to acquire or develop new facilities.

For example, through the partnership signed by Icade Santé and Korian in 2017, 16 new facilities (nursing homes and post-acute care facilities) have been developed in France. As part of sales of existing properties by their operators (sale-and-leaseback transactions), commitments to perform works and warranties are typically provided by the sellers within the context of a long-term process.

Healthcare property assets are single-use properties with long-term leases that can be divided into two main categories:

- healthcare facilities including, for short-term stays, acute care facilities (medicine, surgery and obstetrics) with extensive space dedicated to medical technology equipment, or for medium-term stays, psychiatric (PSY) or post-acute care (PAC) facilities. 85 to 90% of tenant operators' revenues come from the French national health insurance (*Assurance Maladie*);

- medical-social facilities referred to as nursing homes; tenant operators derive their revenue from the French national health insurance (*Assurance Maladie*) for care and from Departmental Councils for the costs associated with assisting dependent persons, while accommodation costs are primarily borne by the residents themselves or their families.

In France, leases are predominantly for a term of 12 years with no break clause and all service charges are recoverable from the tenant operators, excluding major works falling within the scope of Article 606 of the French Civil Code, which are now borne by property owners in new leases signed or renewed on or after November 5, 2014 (following entry into force of the decree establishing rules for allocation of service charges under Law 2014-626 dated June 18, 2014 for commercial leases, known as the *Pinel* Law). The sellers' parent companies often provide corporate warranties over the rent due. Rents depend on the activity being conducted by the facility, with healthcare assets generally subject to the Commercial Rent Index (ILC) while nursing homes follow the Rent Review Index (IRL) with their fees fixed by the French government.

c. Strong operator among French healthcare operators

The main healthcare operators are Elsan and Ramsay Santé for acute care facilities (with around 120 private acute care facilities out of a total of 491 in France) along with Orpéa and Korian for post-acute care and psychiatric facilities (with each manager having over 15,000 beds, at least 125,000 beds are available in private facilities in France). These operators benefit from a clear visibility on their revenue, as a significant portion of it comes from the French healthcare system ("*Assurance Maladie*").

Reforms in the French health sector have led operators to start a major process of consolidation in order to become more efficient and thus preserve historical margins.

Following Elsan's takeover of Médipôle Partenaires in 2017, Ramsay Santé regained its place atop the ranking for healthcare operators through its acquisition of Capio (22 healthcare facilities in France). Approved by the Group's shareholders in October 2018, this new structure has enabled Ramsay to become the 2nd largest group in private healthcare in Europe, with a presence in six countries. In 2019, it was Vivalto Santé's turn to distinguish itself through the acquisition of 5 healthcare facilities. It also entered into exclusive negotiations to acquire the Confluent Private Hospital in Nantes, considered to be the largest private healthcare facility in France.

The environment is also more favourable for healthcare operators due to medical fees which have been trending upwards for the first time in 5 years (+0.5% for acute care facilities, +0.1% for PAC facilities and +0.7% for PSY facilities, excluding the "prudential coefficient" of 0.7 pp which is applied to all public and private facilities).

Consolidation of the medical-social sector has been on the rise due to the near-freeze on the number of building authorisations granted for new facilities since 2011. The Korian, Orpéa and DomusVi groups are now the main private nursing home operators in France, with each counting more than 15,000 beds. In addition, their business has expanded internationally to such an extent that they have become the leaders in Europe, with more than half of their capacity located outside France.

During the six-month period ended 30 June 2019, this trend has been confirmed through the acquisition in France of Residalya (2,600 beds) by DomusVi which consolidates its position among the top three.

At the end of 2019, more than 60% of the beds managed by France's 15 leading operators were outside France compared to 35% in 2014 and dominated the national rankings. Only a few national players such as Alloheim and Convivo in Germany, Kos and Sereni Orizzonti in Italy or Ballesol in Spain can rival them in size.

The major groups also set themselves apart as they have expanded the healthcare options they offer by adding home help services, residences with services and platforms dedicated to services for seniors. For example, Korian acquired the "Les Essentielles" group in France in the first semester of 2020 (11 residences with services for seniors) while at the same time having a stake in companies focused on digital services and home care (Technosens, Medicalib, Move In Med, Omedys).

The major French healthcare providers, having been less adversely affected by the crisis and benefiting from much higher visibility compared to other sectors, are well positioned to make new acquisitions in Europe. Such consolidation will make it possible to better meet the challenges of today resulting from the coronavirus pandemic and those of tomorrow resulting from the acceleration of population ageing. This expansion process will require substantial funding which could be raised through potential sale-and-leaseback transactions.

Benefiting from the operators' growth, real estate investors are particularly suited to this sector as they enable tenant operators to finance their goals for expansion by freeing up capital through sale and leasebacks.

d. Competitive environment of the Group

The quest for attractive yields and long-term, secure rental income has attracted a growing number of investors: asset management firms have been raising funds specifically to invest in this segment since 2014 by creating dedicated investment vehicles, initially invested in nursing homes but also to be invested in international and healthcare assets, despite their greater specificity.

The two main investors which have emerged in France are Primonial REIM with €2 billion in healthcare assets under management in 2018 (with an additional €3.5 billion in Europe) and BNP Paribas REIM (€600 million).

In Europe, the two most significant property investment companies operating in the healthcare real estate sector are Cofinimmo and Aedifica, Belgian property investment companies specialised in nursing homes.

The property investment company SisCare rank ahead of the other asset management firms present in the French market (Axa REIM, Euryale, Cleaveland and Perial). By expanding into healthcare property starting in 2007 and then on a regular basis each year, Icade Santé has confirmed its leadership position (in terms of portfolio value) in France.

e. A resilient asset class actively sought after by property investors

Even though healthcare property has clearly outgrown its niche status since 2015 with the entry of a number of asset management firms and large portfolios changing hands, the coronavirus crisis has renewed investor interest due to its current sound fundamentals and high-quality counterparties. The panel of investors that participated in the June 2020 edition of the MSCI/CFI barometer predominantly agreed that the value of healthcare assets will remain stable in 2020, with acute care facilities being the most resilient.

In this regard, Icade Santé owns over 80% of acute care facilities while asset managers such as Primonial REIM or BNP Paribas REIM and property investment companies such as Cofinimmo or Aedifica have mainly invested in long-term care assets. The investment market remains competitive with demand exceeding supply both in France and Europe. Some providers have even diversified their expansion into other types of assets such as health centres and residences with services for seniors.

In France, although few transactions were finalised in the first semester of 2020, the number of bids being sought despite the lockdown attests to the appeal of healthcare properties on a market in which liquidity remains abundant. Investments in the health and medical-social segments are expected to exceed €500 million in 2020 with prime yields (i.e. new facilities or facilities in excellent condition, with 12-year leases, very well located in dynamic areas, outside Paris and operated by a leading company) remaining stable at 4.25% for nursing homes, 4.50% for post-acute care and psychiatric facilities and 5.0% for acute care facilities.

2. Property portfolio and leasing activity

A) Portfolio of Icade Santé

As of 30 June 2020, the property portfolio of Icade Santé represents nearly 1.9 million sq. m of operating floor area. It is comprised of acute care facilities (medicine, surgery and obstetrics), post-acute care (PAC) facilities and nursing homes (EPHAD).

a. Geographic distribution of the property portfolio by type of asset

In terms of total value and floor area	**Portfolio value**		**Total floor area**	
	(in €m)	**% of total portfolio value**	**In terms of floor area (in sq.m)**	**% of total portfolio floor area**
Ile-de-France	**691**	**14%**	**177,190**	**10%**
Occitanie	984	20%	368,966	21%
Pays-de-la-Loire	664	13%	236,245	14%
Nouvelle-Aquitaine	602	12%	250,136	14%
Auvergne-Rhône-Alpes	474	9%	163,305	9%
Hauts-de-France	388	8%	138,917	8%
Provence-Alpes-Côte d'Azur	354	7%	94,107	5%
Normandie	250	5%	80,341	5%
Grand-Est	161	3%	51,233	3%
Bretagne	157	3%	54,630	3%
Centre-Val-de-Loire	154	3%	61,894	4%
Bourgogne-Franche-Comté	138	3%	48,707	3%
GRAND TOTAL	**5,017**	**100%**	**1,725,671**	**100%**

b. Description of the portfolio

Icade Santé has become a major player in the healthcare real estate, by developing, since 2007, a portfolio of 132 healthcare assets, located exclusively in France, featuring:

- cash flows that start immediately;
- initial lease terms of 12 years with no break clause and a weighted average unexpired lease term of 7.6 years as of 30 June 2020;
- a high margin rate;
- a financial occupancy rate of 100%.

For the development and management of this type of asset, Icade Santé can rely on a team and expertise recognised by its peers.

The value of the portfolio evolved as follows:

c. Value of the portfolio

i. <u>For the six-month period ended 30 June 2020</u>

(in million of euros)	Fair value as of 31 December 2019	Fair value of assets sold [(1)]	Investments and other [(2)]	Like-for-like change (€m)	Like-for-like change (%)	Fair value as of 30 June 2020
Change from 31 December 2019 to 30 June 2020	4,982.3	-	28.1	6.5	+0.1%	5,016.9

(1) Includes bulk sales and partial sales (assets for which the Issuer's ownership interest decreased during the period)..

(2) Includes capex, the amounts invested in the six-month period ended 30 June 2020 in off-plan acquisitions and acquisitions (bulk acquisitions and assets for which the Issuer's ownership interest increased during the period). Also includes the restatement of transfer duties and acquisition costs, changes in value of assets acquired during the financial year, works to properties sold, changes in transfer duties and changes in value of assets treated as financial receivables.

The methods used by the Group for evaluating its portfolio are described in note 5.2 of the audited financial statements of the Issuer for the year ended 31 December 2019, an English translation of which is included in this Prospectus.

The overall value of the Group's portfolio increased by €34.6 million (excluding duties) or 0.7% for the six-month period ended 30 June 2020, from €4,982.3 million for the year ended 31 December 2019 to €5,016.9 million for the six-month period ended 30 June 2020.

These stable values reflect the resilience of Icade's healthcare assets in the face of the ongoing crisis.

Investments in the six-month period ended 30 June 2020 were adversely impacted by the current exceptional crisis as property viewings and negotiations with sellers were very difficult or even impossible during the lockdown

For the six-month period ended 30 June 2020, investments in France totalled €28.4 million (compared to €33.4 million as of 30 June 2019) and included €6.7 million for the acquisition of a nursing home in Carcassonne, €13.8 million in investments made in the development pipeline comprising healthcare facilities located in Narbonne, Caen, Lunel and Saintes, a VEFA relating to a clinic located in Perreux-sur-Marne for €3.6 million and other capex amounting to €4.7 million.

On a like-for-like basis, excluding disposals and investments made during the period, portfolio value increased by €6.5 million or 0.1% over the six-month period ended 30 June 2020.

ii. <u>For the year ended 31 December 2019</u>

(in million of euros)	Fair value as of 31 December 2018	Fair value of assets sold	Investments and other [(1)]	Like-for-like change (€m)	Like-for-like change (%)	Fair value as of 31 December 2019
Change from 31 December 2018 to 31 December 2019	4,484.4	(20.0)	443.4	74.5	+1.7%	4,982.3

(1) Includes capex and acquisitions (bulk acquisitions and assets for which Icade's ownership interest increased during the period). Also includes the restatement of transfer duties and acquisition costs, changes in value of assets acquired during the financial year, works to properties sold, changes in transfer duties and changes in value of assets treated as financial receivables..

The overall value of the Group's portfolio increased by €497.9 million (excluding duties) or 11.2% for the year ended 31 December 2019, from €4,484.4 million for the year ended 31 December 2018 to €4,982.3 million for the year ended 31 December 2019, due in particular to acquisitions completed in 2019.

For the year ended 31 December 2019, investments amounted to €443.4 million, including €401.6 million from asset acquisitions, and related principally to the following transactions:

- on July 31, 2019, the acquisition of a portfolio of 12 facilities (7 nursing homes, 4 post-acute care facilities and a psychiatric facility) for a total of €191.0 million; and

- on November 2019, the acquisition of the Confluent Group which owns the Confluent private hospital in Nantes for a total of €194.0 million.

This was in addition to €37.0 million in investments made during the financial year in the development pipeline as part of the following projects:

- project for the construction of the Greater Narbonne private hospital, which is scheduled for completion in Q4 2020 for €15.0 million;

- two completions in 2019 representing €9.8 million in 2019 investments: the Santé Atlantique health complex (Bromélia) in Saint-Herblain and the first phase of the project in Puilboreau.

Other projects in the development pipeline totaled €12.2 million and other works and other investments during the financial year totaled €28.4 million.

On a like-for-like basis, the value of the portfolio increased by €74.5 million or by 1.7% for the year ended 31 December 2019.

iii. For the year ended 31 December 2018

(in million of euros)	Fair value as of 31 December 2017	Fair value of assets sold [1]	Investments and other [2]	Like-for-like change (€m)	Like-for-like change (%)	Fair value as of 31 December 2018
Change from 31 December 2017 to 31 December 2018	4,035.7	(1.1)	306.2	143.6	+3.6%	4,484.4

(1) Fair value as of 31 December 2017.

(2) Including changes in value of assets acquired during the financial year, works to assets sold and change in Icade SA' stake in Icade Santé when appropriate.

The overall value of the Group's portfolio increased by €448.7 million (excluding duties) or 11.1% for the year ended 31 December 2018, from €4,035.7 million for the year ended 31 December 2017 to €4,484.4 million for the year ended 31 December 2018, due in particular to acquisitions and the positive impact of the three healthcare facilities completed in 2018.

For the year ended 31 December 2018, investments amounted to €311.4 million (included duties and fees) related to acquisitions, including:

- acquisition of a portfolio of 14 nursing homes for €189.8 million (including €0.1 million of acquisition costs); and
- acquisition of a post-acute care (PAC) facility located in Montévrain (Seine-et-Marne) for a total of €17.7 million.

This was in addition to €47.9 million in investments made during the year ended 31 December 2018 in the development pipeline as part of the following projects:

- Courlancy polyclinic in Bezannes for €4.0 million (completed in 2018);

Three of the four healthcare facilities under development were completed during the year ended 31 December 2018, representing nearly 10% of value creation generated by the Group.

On a like-for-like basis, the value of the portfolio increased by €143.6 million or by 3.6% and was driven by yield compression, mainly in the six-month period ended 30 June 2018, reflecting a premium over French 10-year government bonds and other asset classes that remained attractive.

iv. *For the year ended 31 December 2017*

(in million of euros)	Fair value as of 31 December 2016	Fair value of assets sold (1)	Investments and other (2)	Like-for-like change (€m)	Like-for-like change (%)	Fair value as of 31 December 2017
Change from 31 December 2016 to 31 December 2017	3,582.9	(5.6)	341.0	117.4	+3.3%	4,035.7

(1) Fair value as of 31 December 2016.

(2) Including changes in value of assets acquired during the financial year, works to assets sold and change in Icade SA' stake in Icade Santé when appropriate.

The overall value of the Group's portfolio increased by €452.8 million (excluding duties) or 12.6% for the year ended 31 December 2017, from €3,582.9 million for the year ended 31 December 2016 to €4,035.7 million for the year ended 31 December 2017.

For the year ended 31 December 2017, investments amounted to €354.7 million (including duties and fees), of which €229.4 million related to acquisitions, including:

- Clinique de l'Europe private hospital in Rouen (Seine-Maritime) acquired for €87.7 million;
- Saint Roch polyclinic in Cabestany (Pyrénées-Orientales) acquired for €76.5 million;
- Ormeau polyclinic in Tarbes (Hautes-Pyrénées) acquired for €43.3 million; and
- Helios disability care home in Saint-Germé (Gers) acquired for €9.8 million.

This was in addition to €79.0 million in investments made in the development pipeline as part of the following projects:

- Courlancy polyclinic in Bezannes for €31.2 million;
- La Croix du Sud polyclinic in Quint-Fonsegrives for €32.0 million; and
- Elsan Stoa project in Saint-Herblain for €15.8 million.

Other investments made during the year ended 31 December 2017 amounted to €46.3 million. They mainly consisted of extension works or redevelopments generating additional rental income.

On a like-for-like basis, after (i) exclusion of works for the year ended 31 December 2017 for €125.3 million, (ii) exclusion of acquisitions, and (iii) adjustment for acquisition duties and fees and change in value of assets acquired during the year ended 31 December 2017, the value of the portfolio rose by €117.4 million or 3.3% over the year ended 31 December 2017.

d. Development pipeline

Project (in million of euros)	Estimated date of completion	Operator	Number of beds and places	Yield on cost (1)	Total cost of project	Remaining to be invested (€m)
Grand Narbonne private hospital – Montredon-des-Corbières	Q2 2021	Elsan	283		47.8	10.6
Mornay post-acute care facility – Saintes	Q3 2021	Korian	82		10.2	4.2
Pôle Santé Lunellois health complex – Lunel	Q3 2021	Clinipôle	79		11.6	7.4
Le Parc polyclinic – Caen	Q1 2022	Elsan	288		21.2	14.7
Saint-Augustin polyclinic – Bordeaux	Q2 2022	Elsan	297		25.7	25.6
Jonc Marins post-acute care facility – Le Perreux- sur-Marne	Q3 2021	Korian	136		21.9	18.3
Saint-Charles private hospital – La Roche-sur-Yon	Q2 2022	Sisio	210		14.3	12.8

Project (in million of euros)	Estimated date of completion	Operator	Number of beds and places	Yield on cost [(1)]	Total cost of project	Remaining to be invested (€m)
Saint-Roch polyclinic – Cabestany	Q2 2022	Elsan	332		10.1	10.1
Saint-Pierre private hospital – Perpignan	Q2 2022	Elsan	249		8.8	8.8
Nursing home – Blagnac	Q3 2022	Korian	80		14.9	14.9
TOTAL PIPELINE as of 30 June 2020			**2,036**	**5.1%**	**186.5**	**127.4**

[(1)] YoC = headline rental income / cost of the project as approved by the Issuer's governance bodies. This cost includes the value of land, cost of works and carrying costs.

As of 30 June 2020, the Group's development pipeline amounted to €186.5 million (costs of the projects), with an average estimated yield on cost of these projects at 5.1%.

e. Asset disposals

No assets disposals were made during the six-month period ended 30 June 2020

In 2019, asset disposals amounted to €17.5 million and related to the Ter private hospital in Ploemer (Morbihan) and the Pasteur private hospital in Vitry-sur-Seine (Val-de-Marne).

In 2018, asset disposals completed during the year were not significant, at €1.5 million.

In 2017, asset disposals completed during the year were mainly related to a private hospital, disposed of for an amount of €7.6 million.

B) Leasing activity

a. Financial occupancy rate

The financial occupancy rate of the Group for the six-month period ended 30 June 2020 and the financial years ended 31 December 2019, 2018 and 2017 remained stable at 100%, due in particular to the absence of break clauses in the lease agreements of the Group.

b. Lease expiry schedule in terms of annualized IFRS Gross rental income

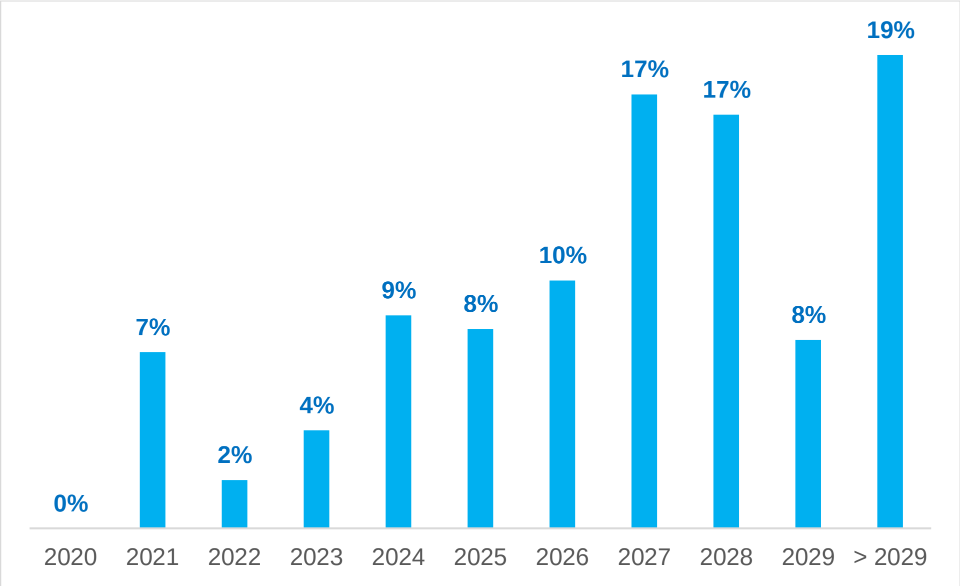
In the six-month period ended 30 June 2020, two leases were renewed or extended prior to their expiry, representing €5.8 million in annualised headline rental income extended by 2.5 additional years. The Group's weighted average unexpired lease term reached 7.6 years as of 30 June 2020, a 0.4-year decrease compared to 31 December 2019.

Weighted average unexpired lease term (in years)			
30 June 2020	**31 December 2019**	**31 December 2018**	**31 December 2017**
7.0	7.4	7.4	7.6

The table below shows the lease expiry schedule in terms of IFRS annualised rental income.

(in million of euros)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030 and beyond	Total
	0.0	**20.0**	**5.5**	**11.2**	**24.2**	**22.7**	**28.2**	**49.3**	**47.1**	**21.4**	**53.8**	**283.4**

The table below shows the lease expiry schedule in % of the total IFRS annualised gross rental income:



3. EPRA Net Disposal Value

Icade Santé's EPRA NDV[1] stood at €3177.3 million as of 30 June 2020 (€84.2 per share), as compared to €3180.8 million, €3,031.7 million, €2,968.2 million, and €2,607.2 million respectively as of 31 December 2019, 30 June 2019, 31 December 2018, and 31 December 2017 (€84.3 per share, €80.3 per share, €82.0 per share and €72.0 per share respectively).

(in million of euros)	**30 June 2020**	**31 December 2019**	**31 December 2018**	**31 December 2017**
Consolidated equity	1,583.8	1,727.2	1,683.8	1,596.4
Impact of dilution from securities convertible or exchangeable into Icade shares	-	-	-	-
Unrealised capital gains on property assets	1,566.2	1,497.2	1,328.5	1,074.2
Revaluation of fixed-rate debt	27.3	(43.6)	(44.1)	(63.4)
EPRA NDV	**3,177.3**	**3,180.8**	**2,968.2**	**2,607.2**
Changes in %	(0.1%)	7.2%	*13.8%*	*11.1%*
Number of shares at closing	37,740,836	37,740,836	36,198,224	33,998,310
EPRA NDV in € per share	**84.2**	**84.3**	**82.0**	**76.7**

The favorable trend in EPRA NDV value on a year-on-year basis results mainly from the significant increase in the Group's net cash flow resulting from its acquisition policy and the strong increase in value of the property assets.

[1] EPRA Net Disposal Value ("NDV") (formerly Triple Net Asset Value ("EPRA NNAV")) is an indicator of the Group's value creation. It measures value, after distribution of dividends, based on two parameters: (i) changes in the company's equity, and (ii) changes in value of asset portfolios and liabilities. It includes debt and financial instruments at fair value.

The evolution of EPRA NDV value since 31 December 2017 is as follows:

(*in million of euros*)	31 December 2019 vs. 30 June 2020	31 December 2018 vs. 31 December 2019	31 December 2017 vs. 31 December 2018
EPRA NDV in € per share	**84.3**	**82,0**	**76.7**
Change in consolidated equity	(3.8)	1.1	2.4
- of which capital increase	-	3.2	*4.4*
- of which dividends paid during the 1st semester	(4.6)	(4.1)	*(3.6)*
- of which Net profit	1.1	2.4	*1.8*
- of which change in fair value of derivatives	(0.3)	(0.3)	*(0.1)*
Change in fair value of assets	1.8	4.5	7.0
Change in fair value of fixed-rate debt	1.9	-	0.5
Change in number of shares to the NAV per share	-	(3.4	(4.7)
EPRA NDV in € per share	84.2	84.3	**82.0**

III. Analysis of the Group's financial position and results

The following information on the Group's results should be read in conjunction with the Group's interim condensed consolidated financial statements for the six-month period ended 30 June 2020 and the Group's consolidated financial statements for the year ended 31 December 2019, an English translation of which is set out in sections "*Financial statements of the Issuer for the six-month period ended 30 June 2020*" and "*Audited financial statements of the Issuer for the year ended 31 December 2019*" of this Prospectus, respectively and with the Group's consolidated financial statements for the years ended 31 December 2018, 31 December 2017 and 31 December 2016, an English translation of which is incorporated by reference in this Prospectus.

The Group's interim condensed consolidated financial statements for the six-month period ended 30 June 2020, the Group's consolidated financial statements for the year ended 31 December 2019 and the Group's consolidated financial statements for the years ended 31 December 2018, 2017 and 2016 have been prepared in accordance with IFRS (*International Financial Reporting Standards*), as adopted by the European Union. A free English translation of the statutory auditors' report on the limited review of the interim condensed consolidated financial statements for the six-month period ended 30 June 2020 can be found in section "*Financial statements of the Issuer for the six-month period ended 30 June 2020*" of this Prospectus. A free English translation of the statutory auditors audit report on the Group's consolidated financial statements for the year ended 31 December 2019can be found in section "*Audited financial statements of the Issuer for the year ended 31 December 2019*" of this Prospectus. A free English translation of the statutory auditor's audit report on the Group's consolidated financial statements for the years ended 31 December 2018, 2017 and 2016 is incorporated by reference in this Prospectus.

The figures are presented in million of euros, with one decimal place, and all amounts are rounded up or down to the nearest million unless otherwise indicated.

1. Key performance indicators

As a subsidiary of the Icade Group, some of the main key performance indicators followed by Icade Santé have been prepared in accordance with the best practices defined by EPRA (European Public Real Estate Association) in its Best Practices recommendations guide. The updated guide is available on the EPRA website[1].

(in million euros)	**30 June 2020**	**31 December 2019**	**31 December 2018**	**31 December 2017**
Gross rental income (in €m)	141.5	269.5	241.0	214.9
EPRA earnings (in €m)	113.2	213.2	191.0	169.8
EPRA earnings per share (in €)	3.0	6.0	5.43	5.20
EPRA NDV (in €m)	3,177.3	3,180.8	2,968.2	2,607.2
EPRA NDV earnings per share (in €)	84.2	84.3	82.0	76.7

[1] www.epra.com

(in million euros)	**30 June 2020**	**31 December 2019**	**31 December 2018**	**31 December 2017**
Loan-To-Value (LTV) ratio	36.1%	33.9%	31.7%	32.6%
Average cost of drawn debt after hedging	1.65%	1.93%	2.26%	2.47%

i. *Gross rental income*

Gross rental income is the indicator of revenue of the Group. As in the IFRS consolidated accounts, it corresponds to the revenue generated from operating lease contracts in which the Group operates as a lessor. Gross rental income includes rents from investment properties and rent-related income such as entry fees, early termination fees or service charges recharged to tenants. Step-up rents and rent-free periods come as an adjustment to Gross rental income, respectively as an increase or as a decrease.

ii. *EPRA earnings*

It is a measure of performance of the recurring operations of the Group. It excludes fair value adjustments, the impact of asset disposals, and limited other non-cash items considered as non-core activities for the Group.

EPRA earnings is an equivalent to the recurring portion of Net profit/(loss).

EPRA earnings per share corresponds to the ratio of EPRA earnings of the period to the weighted average number of ordinary shares outstanding during the period.

iii. *EPRA Net Disposal Value ("EPRA NDV")*

It is an indicator of the Group's value creation. It measures value, after distribution of dividends, based on two parameters: (i) changes in the company's equity, and (ii) changes in value of asset portfolios and liabilities. It includes debt and financial instruments at fair value.

EPRA NDV per share corresponds to the ratio of EPRA NDV of the period to the number of ordinary shares outstanding at the closing of the period.

iv. *Loan-To-Value ratio*

The Loan-To-Value (LTV) ratio is a key indicator in the real estate industry. It corresponds to the ratio of net financial debt (as shown in note 5.1.1 of the condensed consolidated financial statements of the Issuer as of 30 June 2020 and note 6.1.1 of the audited financial statements of the Issuer for the year ended 31 December 2019, an English translation of which is included in this Prospectus) to the latest fair valuation of the property portfolio by independent appraisers (as shown in note 4.3 of the condensed consolidated financial statements of the Issuer as of 30 June 2020 and note 5.3 of the audited financial statements of the Issuer for the year ended 31 December 2019, an English translation of which is included in this Prospectus). It excludes duties.

v. *Average cost of drawn debt*

The Average cost of drawn debt represents the average effective rate that the Group pays on its borrowings (including loans and other liabilities such as capital leases and current accounts). It corresponds to the ratio of recurring financial expenses to the average net drawn debt over the period.

2. Other indicators of the statement of consolidated income

i. *Net rental income*

Net rental income is another indicator of revenue of the Group. It corresponds to Gross rental incomes after deduction of non-recoverable rental charges such as operating expenses, service charges not recharged to tenants and real estate expenses incurred by the owner.

ii. *Margin rate*

Margin rate corresponds to the ratio of Net rental income to Gross rental income.

iii. *Net operating costs*

Net operating costs correspond to expenses from recurring operating excluding non-recoverable rental charges such as property taxes and operating expenses, service charges not recharged to tenants and real estate expenses**.**

iv. *EBITDA*

EBITDA stands for Earnings before interest, taxes, depreciation and amortization. It is an indicator of performance from recurring operating activities. It corresponds to Gross rental income after deduction of expenses from recurring operating activities.

v. *Operating profit/(loss)*

Operating profit is an indicator of wealth creation from operating the assets, either on a recurring or non-recurring basis. It corresponds to the EBITDA after non-recurring income and expenses, i.e. income and expenses that are not considered in the appraisal of operating performance. Non-recurring income and expenses include depreciation charges net of government investment grants, charges and reversals related to impairment of assets and profit/loss from acquisitions or asset disposals.

vi. *Finance income/(expense)*

Financial income/(expenses) mainly include(s) interest expenses from financial liabilities and derivatives, restructuring costs for financial liabilities, and net income from receivables and loans.

vii. *Net profit/(loss)*

Net profit/(loss) is an indicator of wealth creation and results from the difference between all income and all expenses. It corresponds to the Operating profit less finance income/(expense) and tax expense.

3. Analysis of results for the six-month periods ended 30 June 2020 and 2019

(in million of euros)	30 June 2020			30 June 2019		
	EPRA earnings	**Non recurring (a)**	**Total**	**EPRA earnings**	**Non recurring (a)**	**Total**
GROSS RENTAL INCOME	**141.5**	**-**	**141.5**	**129.2**	**-**	**129.2**
NET RENTAL INCOME	**138.4**	**-**	**138.4**	**129.1**	**-**	**129.1**
Margin rate	***97.8%***	**-**	***97.8%***	***99.9%***	**-**	***99.9%***
Net operating costs	(7.1)	-	(7.1)	(6.4)	-	(6.4)
EBITDA	**131.3**	**-**	**131.3**	**122.8**	**-**	**122.8**
Depreciation charges net of government investment grants	-	(59.3)	(59.3)	-	(56.1)	(56.1)
Charges and reversals related to impairment of tangible, financial and other current assets	-	(3.7)	(3.7)	-	(2.2)	(2.2)
Profit/(loss) from acquisitions	-	(0.1)	(0.1)	-	-	-
Profit/(loss) on asset disposals	-	-	-	-	(2.2)	(2.2)
OPERATING PROFIT/(LOSS)	**131.3**	**(63.1)**	**68.2**	**122.8**	**(60.5)**	**62.2**
Cost of net financial debt	(16.3)	-	(16,3)	(15.0)	-	(15.0)
Other finance income and expenses	(0.4)	(10.1)	(10,5)	(0.4)	(0.4)	(0.8)
FINANCE EXPENSES	**(16.7)**	**(10.1)**	**(26.8)**	**(15.4)**	**(0.4)**	**(15.8)**
Tax expense	(1.4)	-	(1.4)	(1.4)	-	(1.4)
NET PROFIT/(LOSS)	**113.2**	**(73.2)**	**39.9**	**106.0**	**(60.9)**	**45.0**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**113.2**	**(73.2)**	**39.9**	**106.0**	**(60.9)**	**45.0**

(a) The "Non-recurring" column includes depreciation charges for investment properties, profit/(loss) from disposals and fair value adjustments to financial instruments.

i. *Gross rental income*

The Covid-19 crisis had no impact on IFRS rental income, the only concrete effects of the crisis being the deferrals of Q2 rents for one quarter for operators focusing on long-term care. At the end of June, the situation had returned to normal, with all rents collected. Indeed, private healthcare facilities, which were very active during the crisis, benefited from exceptional government support measures. For operators, these measures took the form of income that was calculated based on the financial year N-1 in order to offset losses of revenue due to the use of private healthcare facilities to treat Covid-19 patients.

The Group's gross rental income significantly increased by €12.3 million or by 9.5%, for the six-month period ended 30 June 2020, from €129.2 million for the six-month period ended 30 June 2019 to €141.5 million for the six month period ended 30 June 2020. This is mainly due to acquisitions for €9.8 million and completions of pipeline assets and other refurbishments and extensions for €1.3 million.

On a like-for-like basis, rental income went up by 1.8% mostly due to index-linked rent reviews.

(in million of euros)	30 June 2019	Asset acquisitions	Asset disposals	New builds / Refurbishments	Leasing activity and rent escalation	30 June 2020	Total change	Like-for-like change
	129.2	9.8	(1.0)	1.3	2.2	141.5	12.3	1.8%

ii. *Net rental income*

The Group's net rental income increased by €9.3 million or by 7.2% for the six-month period ended 30 June 2020, from €129.1 million for the six month period ended 30 June 2019 to €138.4 million for the six-month period ended 30 June 2020. This increase is driven by the Gross rental income growth.

iii. *Margin rate*

As a result of the evolution of the Gross and Net rental income, the Group's Margin rate decreased by 2.1 basis points, for the six-month period ended 30 June 2020, from 99.9% for the six-month period ended 30 June 2019 to 97.8% for the six-month period ended 30 June 2020. It should be noted that the high ratio for the six-month period ended 30 June 2019 resulted from two early termination payments received during the financial year.

iv. *Net operating costs*

The Group's net operating costs increased by €0.7 million or by 10.9%, for the six-month period ended 30 June 2020, from €(6.4) million for the six-month period ended 30 June 2019 to €(7.1) million for the six month period ended 30 June 2020. This increase is mainly due to the increase of assets' number following the development in the first semester of 2020.

v. *EBITDA*

As a result of the evolution of the Net rental income and the Net operating costs, the Group's EBITDA increased by €8.5 million or by 6.9%, for the six-month period ended 30 June 2020, from €122.8 million for the six-month period ended 30 June 2019 to €131.3 million for the six-month period ended 30 June 2020.

vi. *Recurring portion of Finance income/(expense)*

The recurring portion of finance expenses increased by €1.3 million or by 8.4%, for the six-month period ended 30 June 2020, from €(15.4) million for the six-month period ended 30 June 2019 to €(16.7) million for the six month period ended 30 June 2020. This increase is mainly due to the increase of indebtedness related to asset acquisitions completed in 2019.

vii. *EPRA earnings*

The Group's EPRA earnings increased by €7.2 million or by 6.8%, for the six-month period ended 30 June 2020, from €106.0 million for the six-month period ended 30 June 2019 (€2.93 per share) to €113.2 million for the six-month period ended 30 June 2020 (€3.0 per share), for the reasons stated above.

viii. *Non-recurring portion of Operating profit/(loss)*

The Group's Non-recurring portion of Operating loss increased by €2.6 million or by 4.3%, for the six-month period ended 30 June 2020, from €(60.5) million for the six-month period ended 30 June 2019 to €63.1 million for the six-month period ended 30 June 2020. This is mainly due to an increase in assets' amortization due to the acquisitions and extension works completed since 30 June 2018.

ix. *Non-recurring portion of Finance expense*

The Group's Non-recurring portion of Finance expenses increased by €9.7 million for the six-month period ended 30 June 2020, from €(0.4) million for the six-month period ended 30 June 2019 to €(10.1) million for the six-month period ended 30 June 2020. This increase is mainly due to restructuring costs of financial liabilities corresponding to early repayment penalties of financial liabilities towards Icade SA for €10.2 million.

x. *Non-recurring portion of Net profit/(loss)*

As a result of the two above variations, the Group's Non-recurring portion of Net loss increased by €12.3 million for the six-month period ended 30 June 2020, from €(60.9) million for the six-month period ended 30 June 2019 to €(73.2) million for the six-month period ended 30 June 2020.

4. Analysis of results for the years ended 31 December 2019, 2018 and 2017

a. Analysis of results for the years ended 31 December 2019 and 2018

(in million of euros)	31 December 2019			31 December 2018		
	EPRA earnings	Non recurring (a)	Total	EPRA earnings[3]	Non recurring (a)	Total
GROSS RENTAL INCOME	**264.1**	**-**	**264.1**	**241.0**	**-**	**241.0**
NET RENTAL INCOME	**262.8**	**-**	**262.8**	**235.9**	**-**	**235.9**
Margin rate	***99.5%***	**-**	***99.5%***	***97.9%***	**-**	***97.9%***
Net operating costs	(13.8)	-	(13.8)	(12.5)	-	(12.5)
EBITDA	**249.1**	**-**	**249.1**	**223.4**	**-**	**223.4**
Depreciation charges net of government investment grants	-	(113.9)	(113.9)	-	(107.8)	(107.8)
Charges and reversals related to impairment of tangible, financial and other current assets		(3.8)	(3.8)		(7.7)	(7.7)
Profit/(loss) from acquisitions	-	(7.2)	(7.2)	-	(1;3)	(1.3)
Profit/(loss) on asset disposals	-	(2.4)	(2.4)	-	(0.0)	(0.0)
OPERATING PROFIT/(LOSS)	**249.1**	**(122.8)**	**126.3**	**223.4**	**(116.8)**	**106.5**
Cost of net financial debt	(32.3)	-	(32.3)	(29.6)	-	(29.6)
Other finance income and expenses	(0.9)	(1.1)	(2.1)	(0.6)	(10.1)	(10.7)
FINANCE EXPENSES	**(33.1)**	**(1.1)**	**(34.2)**	**(30.2)**	**(10.1)**	**(40.3)**
Tax expense	(2.7)		(2.7)	(2.1)	0.6	(1.5)
NET PROFIT/(LOSS)	**213.2**	**(123.9)**	**89.3**	**191.0**	**(126.3)**	**64.8**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**213.2**	**(123.9)**	**89.3**	**191.0**	**(126.3)**	**64.8**

i. *Gross rental income*

The Group's gross rental income significantly increased by €23.1million or by 9.6%, for the year ended 31 December 2019, from €241.0 million for the year ended 31 December 2018 to €264.1million for the year ended 31 December 2019, benefiting from the growth in portfolio assets in 2019, driven by completions which contributed at €9.3 million and acquisitions which added €10.0million. These include:

On a like-for-like basis, rental income went up by 2.6% mostly due to index-linked rent reviews.

(in million of euros)	31 December 2018	Asset acquisitions	Asset disposals	New builds / Refurbishments	Leasing activity and rent escalation	31 December 2019	Total change	Like-for-like change
	241.0	**10.0**	**(1.4)**	**9.3**	**5.2**	**264.1**	**23.1**	**2.6%**

ii. *Net rental income*

The Group's net rental income increased by €26.9 million or by 11.4%, for the year ended 31 December 2019, from €235.9 million for the year ended 31 December 2018 to €262.8 million for the year ended 31 December 2019. This increase is directly linked to the Gross rental income growth.

iii. *Margin rate*

The margin rate for the year ended 31 December 2019 amounted to 99.5% which constitutes an increase of 1.6% compared to the margin rate of 97.9% for the year ended 31 December 2018. This high ratio resulted in particular from early termination payments received during the 2019 financial year in connection with the sale of the Ter private hospital in Ploemer and the Pasteur private hospital in Vitry-sur-Seine.

iv. *Net operating costs*

The Group's Net operating costs increased by €1.3 million or by 10.4%, for the year ended 31 December 2019, from €(12.5) million for the year ended 31 December 2018 to €(13.8) million for the year ended 31 December 2019. This increase is mainly due to the increase of assets' number following the development in 2019.

v. *EBITDA*

As a result of the evolution of the Net rental income and the Net operating costs, the Group's EBITDA increased by €25.7 million or by 11.5%, for the year ended 31 December 2019, from €223.4 million for the year ended 31 December 2018 to €249.1 million for the year ended 31 December 2019.

vi. *Recurring portion of Finance income/(expense)*

The recurring portion of finance expenses increased by €2.9 million or by 9.6%, for the year ended 31 December 2019, from €(30.2) million for the year ended 31 December 2018 to €(33.1) million for the year ended 31 December 2019. This increase is mainly due to an increase of the cost of drawn debt for €2.7 million relating to an increase of indebtedness in 2019 and a lower level of activation of financial expenses.

vii. *EPRA earnings*

The Group's EPRA earnings increased by €22.2 million or by 11.6%, for the year ended 31 December 2019, from €191.0 million for the year ended 31 December 2018 to €213.2 million for the year ended 31 December 2019, for the reasons stated above.

viii. *Non-recurring portion of Operating profit/(loss)*

The Group's Non-recurring portion of Operating loss decreased by €6.0 million or by 5.1%, for the year ended 31 December 2019, from €(116.8) million for the year ended 31 December 2018 to €(122.8) million for the year ended 31 December 2019, mainly due to an increase of assets' amortization and impairment of assets relating to the growth of the assets' portfolio.

ix. *Non-recurring portion of Finance expense*

The Group's Non-recurring portion of Finance expenses increased by €9.0 million for the year ended 31 December 2019, from €(10.1) million for the year ended 31 December 2018 to €(1.1) million for the year ended 31 December 2019, mainly due to exceptional restructuring costs of financial liabilities corresponding to early repayment penalties of financial liabilities towards Icade SA for €9.5 million which were paid in 2018.

x. *Non-recurring portion of Net profit/(loss)*

For the reasons outlined above, the Group's Non-recurring portion of Net profit/(loss) increased by €2.4 million or by 1.9% for the year ended 31 December 2019, from €(126.3) million for the year ended 31 December 2018 to €(123.9) million for the year ended 31 December 2019.

b. *Analysis of results for the years ended 31 December 2018 and 2017*

(in million of euros)	31 December 2018			31 December 2017		
	EPRA earnings	Non recurring (a)	Total	EPRA earnings[3]	Non recurring (a)	Total
GROSS RENTAL INCOME	**241.0**	**-**	**241.0**	**214.9**	**-**	**214.9**
NET RENTAL INCOME	**235.9**	**-**	**235.9**	**211.3**	**-**	**211.3**
Margin rate	***97.9%***	**-**	***97.9%***	***98.3%***	**-**	***98.3%***
Net operating costs	(12.5)	-	(12.5)	(11.0)	-	(11.0)
EBITDA	**223.4**	**-**	**223.4**	**200.3**	**-**	**200.3**
Depreciation charges net of government investment grants	-	(107.8)	(107.8)	-	(97.5)	(97.5)
Charges and reversals related to impairment of tangible, financial and other current assets		(7.7)	(7.7)		(0.8)	(0.8)
Profit/(loss) from acquisitions	-	(1.3)	(1.3)	-	(0.2)	(0.2)
Profit/(loss) on asset disposals	-	(0.0)	(0.0)	-	0.2	0.2
OPERATING PROFIT/(LOSS)	**223.4**	**(116.9)**	**106.5**	**200.3**	**(98.3)**	**102.1**
Cost of net financial debt	(29.6)	-	(29.6)	(28.4)	-	(28.4)
Other finance income and expenses	(0.6)	(10.1)	(10.7)	(0.4)	(0.4)	(0.8)
FINANCE EXPENSES	**(30.2)**	**(10.1)**	**(40.3)**	**(28.8)**	**(0.4)**	**(29.2)**
Tax expense	(2.1)	0.6	(1.5)	(1.7)	-	(1.7)
NET PROFIT/(LOSS)	**191.0**	**(126.3)**	**64.8**	**169.8**	**(98.7)**	**71.1**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**191.0**	**(126.3)**	**64.8**	**169.8**	**(98.7)**	**71.1**

(a) The "Non-recurring" column includes depreciation charges for investment properties, profit/(loss) from disposals and fair value adjustments to financial instruments.

i. Gross rental income

The Group's gross rental income significantly increased by €26.1 million or by 12.1%, for the year ended 31 December 2018, from €214.9 million for the year ended 31 December 2017 to €241.0 million for the year ended 31 December 2018, benefiting from the acquisitions completed in 2018. These include:

- acquisitions for €14.3 million, including the 1st nursing home portfolio (14 nursing homes) for €4.4 million,
- the completion of extension works and development projects for €8.8 million of (a) the Reims-Bezannes polyclinic (*30,000 sq.m, 12-year off-plan lease with no break option with Courlancy Santé*), (b) the Atlantique medical hub in St Herblain (*16,000 sq.m, 12-year off-plan lease with no break option with Elsan*), and (c) the Croix du Sud private hospital in Quint Fonsegrives (*30,500 sq.m, 12-year off-plan lease with no break option with Capio*) and
- impact of rent escalation and asset management for €3.4 million.

On a like-for-like basis, rental income went up by 1.8% due to rent indexation.

(in million of euros)	31 December 2017	Asset acquisitions	Asset disposals	New builds / Refurbishments	Leasing activity and rent escalation	31 December 2018	Total change	Like-for-like change
	214.9	**14.3**	**(0.4)**	**8.8**	**3.4**	**241.0**	**26.1**	**1.8%**

ii. Net rental income

The Group's net rental income increased by €24.6 million or by 11.7%, for the year ended 31 December 2018, from €211.3 million for the year ended 31 December 2017 to €235.9 million for the year ended 31 December 2018. This increase is directly linked to the Gross rental income growth.

iii. Margin rate

As a result of the evolution of the Gross and Net rental income, the Group's Margin rate decreased by 0.4 basis points, for the year ended 31 December 2018, from 98.3% for the year ended 31 December 2017 to 97.9% million for the year ended 31 December 2018.

iv. *Net operating costs*

The Group's Net operating costs increased by €1.6 million or by 14.3%, for the year ended 31 December 2018, from €(11.0) million for the year ended 31 December 2017 to €(12.5) million for the year ended December 31, 2018. This increase is mainly due to the increase of assets' number following the development in 2018.

v. *EBITDA*

As a result of the evolution of the Net rental income and the Net operating costs, the Group's EBITDA increased by €23.1 million or by 11.5%, for the year ended 31 December 2018, from €200.3 million for the year ended 31 December 2017 to €223.4 million for the year ended 31 December 2018.

vi. *Recurring portion of Finance income/(expense)*

The recurring portion of finance expenses increased by €1.4 million or by 5.0%, for the year ended 31 December 2018, from €(28.8) million for the year ended 31 December 2017 to €(30.2) million for the year ended 31 December 2018. This increase is mainly due to the new financial debt subscribed in 2018.

vii. *EPRA earnings*

The Group's EPRA earnings increased by €21.2 million or by 12.5%, for the year ended 31 December 2018, from €169.8 million for the year ended 31 December 2017 (€5.20 per share) to €191.0 million for the year ended 31 December 2018 (€5.43 per share), for the reasons stated above.

viii. *Non-recurring portion of Operating profit/(loss)*

The Group's Non-recurring portion of Operating loss increased by €18.6 million or by 18.9%, for the year ended 31 December 2018, from €(98.3) million for the year ended 31 December 2017 to €(116.9) million for the year ended 31 December 2018. This item is composed of assets' amortization and impairment of assets.

ix. *Non-recurring portion of Finance expense*

The Group's Non-recurring portion of Finance expenses increased by €9.6 million for the year ended 31 December 2018, from €(0.4) million for the year ended 31 December 2017 to €(10.1) million for the year ended 31 December 2018. This increase is mainly due to the early repayment penalty of financial debt to Icade SA for €9.5 million.

x. *Non-recurring portion of Net profit/(loss)*

As a result of the two above variations, the Group's Non-recurring portion of Net loss increased by €27.6 million or by 28.0% for the year ended 31 December 2018, from €(98.7) million for the year ended 31 December 2017 to €(126.3) million for the year ended 31 December 2018.

IV. Liquidity and capital resources

The following information on the Group's financial resources and financing needs should be read in conjunction with the Group's interim condensed consolidated financial statements for the six-month period ended 30 June 2020 and the Group's consolidated financial statements for the year ended 31 December 2019, an English translation of which is set out in sections "*Financial statements of the Issuer for the six-month period ended 30 June 2020*" and "*Audited financial statements of the Issuer for the year ended 31 December 2019*" of this Prospectus, respectively and with the Group's consolidated financial statements for the years ended 31 December 2018, 31 December 2017 and 31 December 2016, an English translation of which is incorporated by reference in this Prospectus.

The Group's interim condensed consolidated financial statements for the six-month period ended 30 June 2020, the Group's consolidated financial statements for the year ended 31 December 2019 and the Group's consolidated financial statements for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 have been prepared in accordance with IFRS (*International Financial Reporting Standards*), as adopted by the European Union. A free English translation of the statutory auditors' report on the limited review of the interim condensed consolidated financial statements for the six-month period ended 30 June 2020 can be found in section "*Financial statements of the Issuer for the six-month period ended 30 June 2020*" of this Prospectus. A free English translation of the statutory auditors' audit report on the Group's consolidated financial statements for the year ended 31

December 2019 can be found in section "*Audited financial statements of the Issuer for the year ended 31 December 2019*" of this Prospectus. A free English translation of the statutory auditor's audit report on the Group's consolidated financial statements for the years ended 31 December 2018, 2017 and 2016 is incorporated by reference in this Prospectus.

The figures are presented in million of euros, with one decimal place, and all amounts are rounded up or down to the nearest million unless otherwise indicated.

1. Description of the Group' financial policy

Until 2015, Icade Santé was financed by Icade. Since 2015, Icade Santé began to organize it financial autonomy with a first club deal of €150 million. During the last 3 years, the part of external debt increased from 53.2% of the total gross financial liabilities at 31 December 2017 to 77.2% of the total gross financial liabilities at 30 June 2020.

The main characteristics of the actual financial policy are the following:

- LTV ratio at 40 %;
- 100 % of external financial debt at the end of 2023;
- Hedging minimum ratio at 80 %.

The issue of the Notes subject to this Prospectus is implemented as part of this financial policy.

2. Description of the Group's financial resources

The Group's main financial resources include capital increases and financial debts. Against a backdrop of market volatility, Icade Santé continued to optimize its financial resources and carried out the following major financial transactions:

- In 2016, the Group signed a two-year, €50 million loan and a cash advance agreement with Icade SA for a maximum amount of €200 million;
- In 2017, the Group secured new bank debt facilities and mortgage financing secured for €208.4 million and new swaps purchased for €198.6 million;
- In 2018, the Group raised new debt facilities, €200 million in Corporate financing over seven and eight years, and €31 million in the form of finance leases. Besides, the Group added new medium- and long-term fixed-rate swaps for a total of €250 million to its portfolio of derivatives. All these transactions allowed the Group to continue to implement an appropriate and optimized funding policy, by lowering the average cost of debt, maintaining its average debt maturity above 5 years and diversifying its funding sources.
- In 2019, the Group issued its first 10-year, €500 million euro-denominated bond, with a margin of 90 bps and a fixed coupon of 0.875%. The Group has also obtained €300 million in unsecured debt and €11 million in borrowings in the form of finance leases and prepaid short-term debt for €150 million. In addition to above transactions, it has beneficiated from early unwinding of €100 million in short-term fixed rate swaps.

a. Capital increases

Over the six-month period ended 30 June 2020, no capital increase occurred.

In 2019, the company proceeded to a capital increase of €120 million, fully subscribed in cash by its shareholders.

In 2018, the company proceeded to capital increases of €160 million, fully subscribed in cash by its shareholders.

In 2017, the company proceeded to capital increases of €100 million, fully subscribed by its shareholders.

b. *Financial debt*

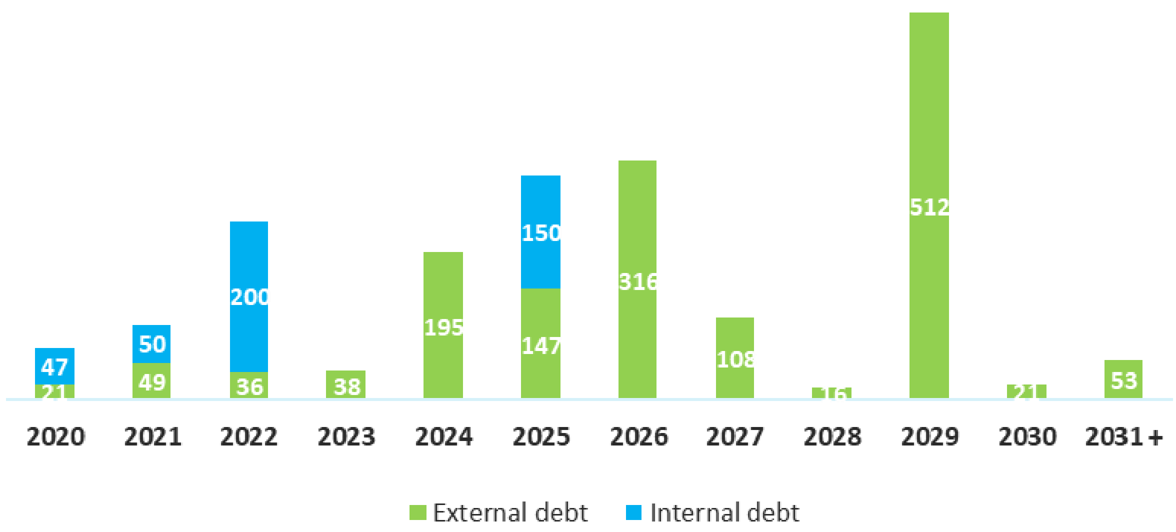
i. Debt by type

As of 30 June 2020, gross financial liabilities stood at €1,959.0 million (€2,087.3 million, €1,479.6 million, and €1,307.4 million respectively as of 31 December 2019, 2018 and 2017). It broke down as follows:

- €1,217.7 million of corporate loans (€1,338.8 million, €1,216.0 million and €1,121.0 million respectively as of 31 December 2019, 2018 and 2017) of which €447.4 million are granted by Icade S.A;
- €500.0 million of bonds, issued in November 2019;
- €191.3 million of finance leases (€199.5 million, €208.3 million and €184.6 million respectively as of 31 December 2019, 2018 and 2017);
- €52.6 million of other (€54.0 million, €55.3 million and €1.8 million respectively as of 31 December 2019, 2018 and 2017).

ii. Debt by maturity date

The maturity schedule of debt drawn by Icade Santé (excluding overdrafts) as of 30 June 2020 is as follows:

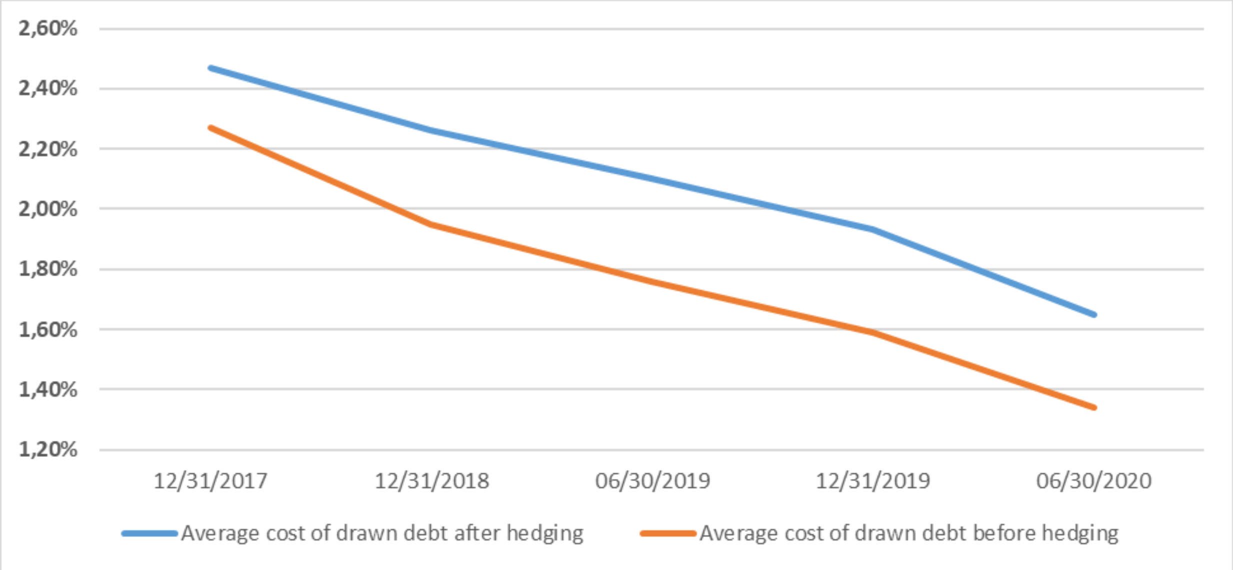


Internal debt consists of loans granted by Icade SA under the intragroup loan agreements and the cash advance agreement described in notes 11.1 of the audited financial statements of the Issuer for the year ended 31 December 2019 included in this Prospectus. The Group reduced its internal debt over the last three financial years, from €612.5 million at 31 December 2017 (representing 46.8% of the total gross financial liabilities of the Group) to €571.1 million at 31 December 2018 (representing 38.6% of the total gross financial liabilities of the Group), €557.4 million at 31 December 2019 (representing 26.7% of the total gross financial liabilities of the Group) and €447.4 million at 30 June 2020 (representing 22.8% of the total gross financial liabilities of the Group).

iii. Average cost of drawn debt

For the six-month period ended 30 June 2020, the average cost of debt was 1.34% before hedging (1.76% for the six-month period ended 30 June 2019 and 1.59%, 1.95% and 2.27% respectively in 2019, 2018 and 2017) and

1.65% after hedging (2.10% for the six-month period ended 30 June 2019 and 1.93%, 2.26% and 2.47% respectively in 2019, 2018 and 2017).



This decrease in the average cost of debt between the six-month period ended 30 June 2020 and the six-month period ended 30 June 2019 (as well as compared to the exercise 2019, 2018 and 2017) was achieved through the proactive management of existing debt and interest rate hedges.

iv. *Management of interest rate risk exposure*

Excluding debt associated with equity interests and bank overdrafts, variable rate debt represented nearly 48% of the Group's total debt as of 30 June 2020 (46%, 56% and 49% respectively as of 31 December 2019, 2018 and 2017), with a hedging ratio of 91% (92%, 84% and 78% respectively as of 31 December 2019, 2018 and 2017).

The outstanding hedging positions as of 30 June 2020 is as follows:

Most of the debt (91% as of 30 June 2020 and 92%, 84% and 78% respectively as of 31 December 2019, 2018 and 2017) was protected against an increase in interest rates (fixed rate debt or variable rate debt hedged by interest rate swaps). As of 30 June 2020, the hedged debt was 91%, including hedges starting in 2020. A detailed analysis of the notional amounts of hedging instruments is shown in the notes to the Group's interim condensed consolidated financial statements for the six-month period ended 30 June 2020 and in the notes to the Group's consolidated financial statements for the year ended 31 December 2019, an English translation of which is set out in sections "*Financial statements of the Issuer for the six-month period ended 30 June 2020*" and "*Audited financial statements of the Issuer for the year ended 31 December 2019*" of this Prospectus, respectively.

For the six-month period ended 30 June 2020 and in the financial years 2019, 2018 and 2017, the Group continued its prudent debt management policy, maintaining limited exposure to interest rate risk while taking advantage of low interest rates. The total swaps amounted to €769.0 million as of 30 June 2020 (€777.8 million, €609.5 million and €369.9 million respectively during the financial years 2019, 2018 and 2017).

The average maturity is 5.4 years for variable rate debt as of 30 June 2020 (5.8, 5.3 and 4.7 years respectively as of 31 December 2019, 2018 and 2017) and 4.3 years for related hedges as of 30 June 2020 (5.7, 5.3 and 3.8 respectively as of 31 December 2019, 2018 and 2017).

Finally, Icade Santé favours classifying its hedging instruments as "cash flow hedges" according to IFRS standards; this involves recognising changes in fair value of these instruments in equity (for the effective part), rather than in the income statement.

v. *Financial structure ratios*

LTV (Loan-To-Value) ratio

The LTV ratio, which is the ratio of net financial liabilities (as shown in note 5.1.1 of the condensed consolidated financial statements of the Issuer as of 30 June 2020 and note 6.1.1 of the audited financial statements of the Issuer for the year ended 31 December 2019, an English translation of which is included in this Prospectus) and the latest valuation of the property portfolio excluding duties (as shown in note 4.3 of the condensed consolidated financial statements of the Issuer as of 30 June 2020 and note 5.3 of the audited financial statements of the Issuer for the year ended 31 December 2019, an English translation of which is included in this Prospectus), stood at 36.1% as of 30 June 2020, compared with 33.9%, 31.7% and 32.6% respectively as of 31 December 2019, 2018 and 2017. These LTV ratios calculated as part of bank covenants are well below the maximum level of 52%.

The accelerating growth of the portfolio value since the last 3 years explains the high level of the LTV ratio.

ICR (Interest Coverage Ratio)

The interest coverage ratio corresponds to the ratio of EBITDA (as shown in the consolidated income statement set out in the condensed consolidated financial statements of the Issuer as of 30 June 2020 and the audited financial statements of the Issuer for the year ended 31 December 2019, an English translation of which is included in this Prospectus) to the cost of net financial liabilities (as shown in note 5.1.4. of the condensed consolidated financial statements of the Issuer as of 30 June 2020 and note 6.1.4 of the audited financial statements of the Issuer for the year ended 31 December 2019, an English translation of which is included in this Prospectus). Such ratio was 8.1x for the six-month period ended 30 June 2020 (7.7x, 7.5x and 7.1x respectively for the financial years 2019, 2018 and 2017). The ratio remains at a high level, demonstrating the Company's ability to comfortably comply with its bank covenants.

See also note 6.2.2 of the audited financial statements of the Issuer for the year ended 31 December 2019,an English translation of which is included in this Prospectus.

All covenants were met as of 30 June 2020 and as of 31 December 2019, 2018 and 2017.

3. Description of the Group's main categories of use of financial resources

The Group's main financing needs include portfolio development financing, dividends for the shareholders, interest payments and repayment of financial debt.

a. Portfolio development financing

The Group's capital expenditure to finance its portfolio development mainly relates to investment properties, either acquisitions or construction work. For the six-month period ended 30 June 2020, capital expenditure amounted to €28.8 million (€467.0 million, €311.4 million and €354.7 million respectively for the years ended 31 December 2019; 2018 and 2017). Figures are detailed in the tables below:

(in million of euros)	Asset acquisitions	Projects under development	Other capex	Total(1)
Six-month period ended 30 June 2020	6.8	13.8	8.2	**28.8**
2019	401.6	37.0	28.4	**467.0**
2018	211.5	47.9	52.0	**311.4**
2017	229.4	79.0	46.3	**354.7**

(1)*Including transfer duties and fees.*

The analysis of the portfolio development is described in paragraph 2 *Property Portfolio and leasing activity* above.

c. Dividends

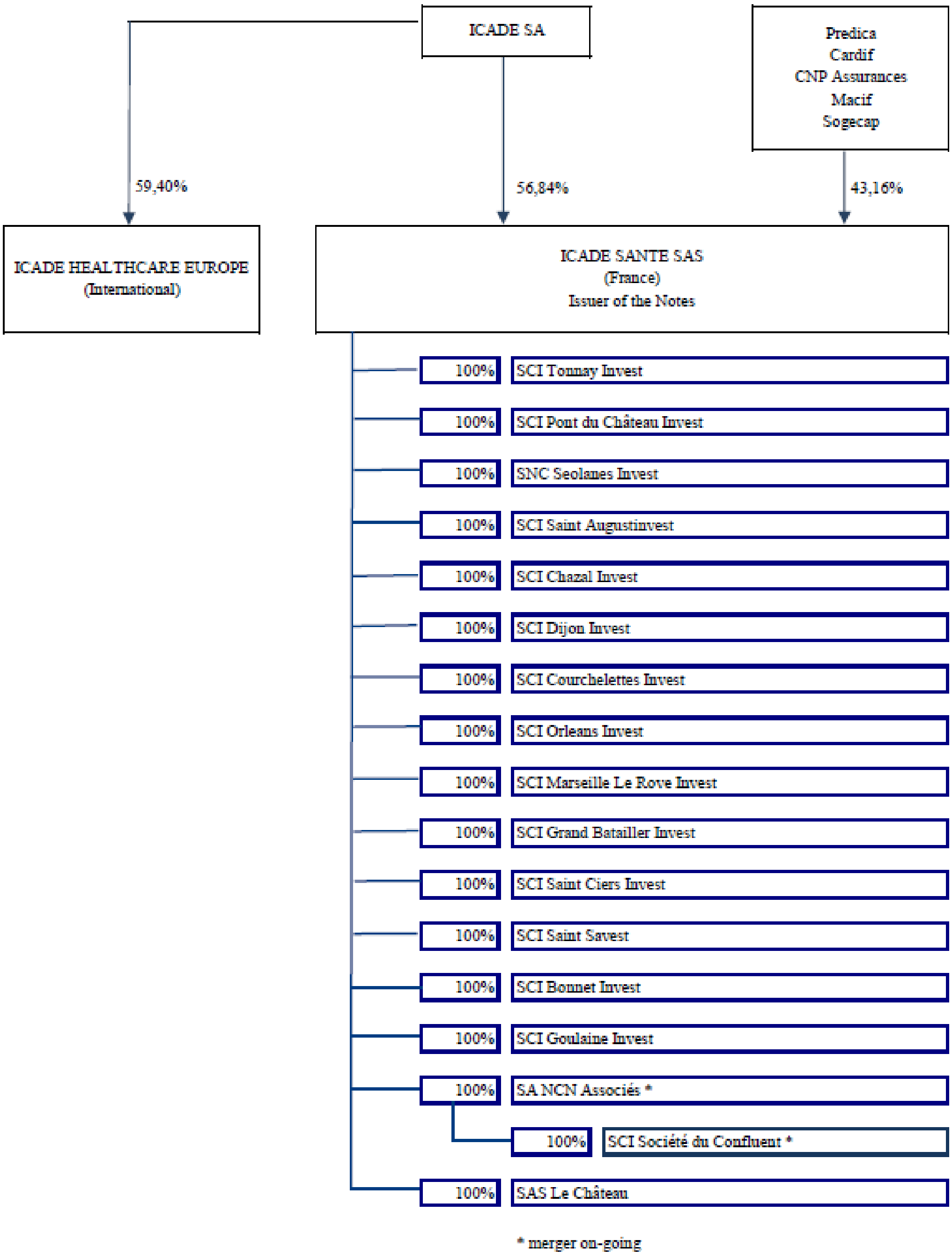
Dividends paid by the Group to its shareholders in 2020, 2019, 2018 and 2017 (for respectively the years 2019, 2018, and 2017 and 2016), respectively amounted to €172.9 million, €153.1 million, €132.0 million and €105.0 million (respectively 4.58€ per share, 4.34 € per share, 3.88 € per share and 3.22 € per share).

d. Interest payments and repayment of financial debt

The Group uses a portion of the cash flows it generates to the service and repayment of its financial debts. During the six-month period ended 30 June 2020 and during the financial years 2019, 2018 and 2017, the Group paid interests in the amount of €15.8 million, €34.7 million, €32.2 million and €30.7 million, respectively. As repayment of its financial debts, the Group also paid €20.1 million, €224.7 million, €98.8 million and €32.4 million, respectively, during the six-month period ended 30 June 2020 and during the financial years ended 31 December 2019, 2018 and 2017.

V. Corporate structure

The chart below sets out the corporate structure of the Group and its principal subsidiaries as of 30 June 2020:



On 31 July 2020, the Issuer's shareholders have decided a share capital decrease of a maximum nominal amount of 14,437,846 euros by way of repurchase of up to 946,744 of the Issuer's shares in view of their cancellation, following which the Issuer's *Président* sent a notice of repurchase to all shareholders. Only MACIF, one of the Issuer's shareholders acting through its dedicated OPCI MF Santé ("**MF Santé**"), has notified its intention to sell all the 946,744 Issuers' shares that it holds.

The repurchase price will be a total amount of approximately €79.6 million. The repurchase will be financed by available cash of the Issuer, which amounted to €185.7 million as of 30 June 2020.

The share capital decrease and the repurchase of all the Issuer's shares held by MF Santé were effective on 7 September 2020. As a result of this transaction, Icade Santé's share capital will amount to 561,109,903 euros, consisting of 36,794,092 shares with a par value of €15.25 each; Icade on the one hand, and Predica, Cardif, CNP Assurances and Sogecap on the other hand, would then hold 58.30% and 41.70% respectively of the Issuer's share capital.

VI. Administrative, Management and Supervisory bodies

Icade Santé is a French *société par actions simplifiée* with a Chairman (*Président*) and a deputy CEO (*directeur general délégué*).

Icade, a French *société anonyme*, registrered with the Nanterre Trade and Companies Register (RCS Nanterre) under number 582 074 944, located at 27, Rue Camille Desmoulins, 92130 Issy les Moulineaux, France, and whose shares are listed on the regulated market of Euronext Paris (ISIN: FR0000035081) is the Chairman of Icade Santé. Icade is an integrated real estate player which designs innovative real estate products and services adapted to new urban lifestyles and habits.

Xavier Cheval, *Directeur général délégué* of Icade Santé, 37 years old, is a graduate from *École Centrale Paris* and Insead. He began working at Icade Santé in 2011 as manager in the Investment Department and then Chief Investment Officer. He subsequently became *Directeur général adjoint* of Icade Santé in 2017 and has held that position until 2019, when he became *Directeur général délégué* of Icade Santé.

VII. Conflicts

The Issuer has entered into services agreements and intragroup loan agreements and a cash advance agreement with Icade, its majority shareholder, further described in paragraph X. "Material contracts" below.

Except in respect of the agreements referred to above, as of the date of this Prospectus, there are no potential conflicts of interest between any duties owed by any of the members of the management and their private interests and/or other duties.

VIII. Major shareholders

As of the date of this Prospectus, the Issuer is 56.84% owned by Icade, the remainder being owned by France's major life insurance companies (Prédica, Cardif, CNP Assurances, Macif and Sogecap) (see note 7.1.2 of the audited financial statements of the Issuer for the year ended 31 December 2019, an English translation of which is included in this Prospectus).

IX. Statutory auditors

The statutory auditors of the Issuer are Mazars, a limited liability company (*société anonyme*), registered with the Nanterre Trade and Companies Register (RCS Nanterre) under number 784 824 153 and having its registered address at Tour Exaltis, 61 rue Henri Regnault, 92400 Courbevoie, France and PricewaterhouseCoopers Audit, a *société par actions simplifiée*, registered with the Nanterre Trade and Companies Register (RCS Nanterre) under number 672 006 483 and having its registered address at 63, rue de Villiers, 92200 Neuilly-sur-Seine, France.

X. Material contracts

In 2012, the Issuer entered into services agreements with Icade, entrusting asset management, property management and back-office functions and services to Icade, which are described in notes 11.1 of the audited financial statements of the Issuer for the year ended 31 December 2019, an English translation of which is included in this Prospectus.

For the purposes of financing the development of its portfolio, the Issuer has also implemented several financings with banks pursuant to corporate loans which are described in note 6.1.1 of the audited financial statements of the Issuer for the year ended 31 December 2019, an English translation of which is included in this Prospectus. As of 30 June 2020, the loans drawn by the Group under these agreements amounted to €771.7 million (see also paragraph IV.1.c.(i) above).

The Issuer has also entered into several intragroup loan agreements and a cash advance agreement with Icade, which are described in notes 11.1.3 of the audited financial statements of the Issuer for the year ended 31

December 2019, an English translation of which is included in this Prospectus. As of 30 June 2020, the loans drawn by the Group under the intragroup loan agreements amounted to €447.4 million (see also paragraph IV.1.c.(i) above).

PRESS RELEASE

Issy-les-Moulineaux, July 24, 2020

Credit ratings reaffirmed by Standard & Poor's: BBB+ with a stable outlook

Following its annual review, Standard & Poor's affirmed Icade's and Icade Santé's long-term rating of BBB+ and short-term rating of A-2 with a stable outlook.

Amid the economic, financial and social uncertainties surrounding the Covid-19 pandemic, the rating agency confirmed the credit quality of the Group and its subsidiary, as well as its confidence in their fundamentals, both in terms of their financial profile and diversified business model.

These ratings are further recognition of the strong credit quality of Icade and its subsidiary, as well as their ability to finance their short- and medium-term growth on attractive financial terms.

"Against the exceptional backdrop of the health crisis, we welcome Standard & Poor's renewed confidence. The affirmation of the long-term rating "BBB+ with a stable outlook" reflects the financial strength and intrinsic credit quality of both companies." **Victoire Aubry, CFO of Icade.**

ABOUT ICADE

Building for every future

As an investor and a developer, Icade is an integrated real estate player that 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 working closely with stakeholders and users in the cities— local authorities and communities, companies and employees, institutions and associations… As an office and healthcare property investor (portfolio value of €11.6bn as of 06/30/20 on a proportionate consolidation basis) and as a property developer (2019 economic revenues of nearly €1bn), Icade has been 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 (société d'investissement immobilier cotée, SIIC). Its leading shareholder is the Caisse des dépôts Group.

ABOUT ICADE SANTÉ

With a portfolio worth €5 billion (on a full consolidation basis) as of June 30, 2020, Icade Santé is the leading healthcare property investor in France. A 56.84% owned subsidiary of the Icade Group, Icade Santé draws on its proven expertise, its long-term shareholders as well as its extensive knowledge of the real estate value chain. Since 2017, Icade Santé has pursued a strategy of diversification into the nursing home segment.

The text of this press release is available on the Icade website: www.icade.fr and on the Icade Santé website: https://icade-sante.fr

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The following press releases have also been published by the Issuer:

- 21 July 2020: https://icade-sante.fr/en/content/download/776/file/Icade-Sant-----Half-Year-Results-2020.pdf
- 17 February 2020: https://icade-sante.fr/en/content/download/771/file/PR---2019-Full-year-results.pdf
- 15 November 2019: https://icade-sante.fr/en/content/download/749/file/Icade-Sant---continues-to-expand-with-a-new-investment-for----194-million--including-duties-.pdf

FINANCIAL STATEMENTS OF THE ISSUER FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

The financial statements appearing below are the English translation of the unaudited interim condensed consolidated financial statements of the Issuer for the six-month period ended 30 June 2020 as reviewed by its statutory auditors. A free English translation of their review report thereon appear on page 96 of this Prospectus.

I. Unaudited interim condensed consolidated financial statements of the Issuer for the six-month period ended 30 June 2020

1. Condensed consolidated financial statements as of June 30, 2020

Unless otherwise stated, the condensed consolidated financial statements are presented in millions of euros, rounded to the nearest hundred thousand euros. Rounding differences may therefore occur in the financial statements presented.

Consolidated income statement

(in millions of euros)	Notes	06/30/2020	06/30/2019	12/31/2019
Gross rental income	7.1	**141.5**	**134.7**	**269.5**
Outside services		(9.8)	(8.3)	(17.0)
Taxes, duties and similar payments		(0.3)	(0.3)	(0.6)
Other operating expenses		(0.1)	(3.4)	(2.9)
Expenses from operating activities		**(10.2)**	**(12.0)**	**(20.5)**
EBITDA		**131.3**	**122.7**	**249.1**
Depreciation charges net of government investment grants	4.1	(59.3)	(56.1)	(113.9)
Charges and reversals related to impairment of tangible, financial and other current assets	4.3.2	(3.7)	(2.2)	(3.8)
Profit/(loss) from acquisitions		(0.1)	-	(2.7)
Profit/(loss) on asset disposals		0.0	(2.2)	(2.4)
OPERATING PROFIT/(LOSS)		**68.2**	**62.2**	**126.2**
Cost of net financial liabilities		(16.3)	(15.0)	(32.3)
Other finance income and expenses		(10.5)	(0.8)	(2.0)
FINANCE INCOME/(EXPENSE)	5.1.4	**(26.8)**	**(15.8)**	**(34.2)**
Tax expense	8.1	(1.4)	(1.4)	(2.7)
NET PROFIT/(LOSS)		**39.9**	**45.0**	**89.3**
- Including net profit/(loss) attributable to the Group		**39.9**	**45.0**	**89.3**
Net profit/(loss) attributable to the Group per share (in €)	7.3	**€1.1**	**€1.2**	**€2.4**

Consolidated statement of comprehensive income

(in millions of euros)	06/30/2020	06/30/2019	12/31/2019
NET PROFIT/(LOSS) FOR THE PERIOD	**39.9**	**45.0**	**89.3**
Other comprehensive income:			
Recyclable to the income statement: cash flow hedges	**(10.5)**	**(17.5)**	**(12.8)**
- Changes in fair value	(10.1)	(17.1)	(12.4)
- Recycling to the income statement	(0.3)	(0.4)	(0.4)
Total comprehensive income recognised in equity	**(10.5)**	**(17.5)**	**(12.8)**
Including transfer to net profit/(loss)	**(0.3)**	**(0.4)**	**(0.4)**
COMPREHENSIVE INCOME FOR THE PERIOD	**29.5**	**27.5**	**76.5**
- Including comprehensive income attributable to the Group	**29.5**	**27.5**	**76.5**

Consolidated statement of financial position

ASSETS

(in millions of euros)	**Notes**	**06/30/2020**	**12/31/2019**
Investment property	4.1	3,452.6	3,487.0
Financial assets at fair value through profit or loss	5.1.5	0.0	0.0
Financial assets at amortised cost	5.1.5	1.1	1.1
Derivative assets	5.1.3	-	0.2
NON-CURRENT ASSETS		**3,453.7**	**3,488.3**
Accounts receivable	7.2	30.8	9.7
Tax receivables		1.9	-
Miscellaneous receivables		5.1	6.1
Financial assets at amortised cost	5.1.5	-	0.0
Cash and cash equivalents	5.1.6	185.7	427.9
CURRENT ASSETS		**223.5**	**443.6**
TOTAL ASSETS		**3,677.2**	**3,932.0**

LIABILITIES

(in millions of euros)	**Notes**	**06/30/2020**	**12/31/2019**
Share capital	6.1	575.5	575.5
Share premium		890.2	986.3
Revaluation reserves	5.1.3	(35.4)	(24.9)
Other reserves		113.4	101.0
Net profit/(loss) attributable to the Group		39.9	89.3
Equity attributable to the Group		**1,583.8**	**1,727.2**
EQUITY		**1,583.8**	**1,727.2**
Provisions	8.2	0.1	0.1
Financial liabilities at amortised cost	5.1.1	1,864.7	1,993.3
Lease liabilities		1.9	1.9
Tax liabilities		15.0	15.0
Other financial liabilities	5.1.5	7.8	7.4
Derivative liabilities	5.1.3	37.0	27.2
NON-CURRENT LIABILITIES		**1,926.4**	**2,044.7**
Financial liabilities at amortised cost	5.1.1	94.4	94.0
Lease liabilities		0.1	0.0
Tax liabilities		15.3	15.7
Accounts payable		8.2	7.4
Miscellaneous payables		48.4	42.2
Derivative liabilities	5.1.3	0.7	0.8
CURRENT LIABILITIES		**167.0**	**160.2**
TOTAL LIABILITIES AND EQUITY		**3,677.2**	**3,932.0**

Consolidated cash flow statement

(in millions of euros)	Notes	06/30/2020	06/30/2019	12/31/2019
I) OPERATING ACTIVITIES				
Net profit/(loss)		**39.9**	**45.0**	**89.3**
Net depreciation and provision charges		63.2	61.7	120.6
Unrealised gains and losses due to changes in fair value		(0.4)	(0.3)	(0.3)
Other non-cash income and expenses		0.0	0.1	(1.7)
Capital gains or losses on asset disposals		(0.0)	2.1	2.3
Dividends received		0.0	-	-
Cash flow from operating activities after cost of net financial liabilities and tax		**102.7**	**108.6**	**210.0**
Cost of net financial liabilities		17.1	14.7	27.0
Tax expense		1.4	1.4	2.7
Cash flow from operating activities before cost of net financial liabilities and tax		**121.2**	**124.7**	**239.8**
Interest paid		(15.8)	(16.1)	(34.7)
Tax paid (a)		(4.7)	(1.6)	(14.4)
Change in working capital requirement related to operating activities		(11.9)	0.2	(3.2)
NET CASH FLOW FROM OPERATING ACTIVITIES		**88.8**	**107.3**	**187.5**
II) INVESTING ACTIVITIES				
Tangible and intangible fixed assets and investment property				
- acquisitions		(29.1)	(38.0)	(231.4)
- disposals		0.2	17.5	18.3
Change in security deposits paid and received		0.5	(6.9)	1.1
Operating investments		**(28.4)**	**(27.4)**	**(212.0)**
Fully consolidated companies				
- acquisitions		-	-	(226.8)
- impact of changes in scope of consolidation		-	-	95.5
Financial investments		**(0.0)**	**-**	**(131.2)**
NET CASH FLOW FROM INVESTING ACTIVITIES		**(28.4)**	**(27.4)**	**(343.2)**
III) FINANCING ACTIVITIES				
Amounts received from shareholders on capital increases		-	120.0	120.0
Final and interim dividends paid to Icade Santé shareholders		(172.9)	(153.1)	(153.1)
Change in cash from capital activities		**(172.9)**	**(33.1)**	**(33.2)**
Bond issues and new financial liabilities		1.6	301.6	808.2
Repayments of lease liabilities		(0.0)	(0.0)	(0.1)
Bond redemptions and repayments of financial liabilities		(20.1)	(24.3)	(224.7)
Acquisitions and disposals of current financial assets and liabilities		(111.2)	(0.0)	(42.8)
Change in cash from financing activities	**5.1.1**	**(129.7)**	**277.2**	**540.7**
NET CASH FLOW FROM FINANCING ACTIVITIES		**(302.6)**	**244.1**	**507.5**
NET CHANGE IN CASH (I) + (II) + (III)		**(242.1)**	**324.1**	**351.8**
OPENING NET CASH		**427.3**	**75.5**	**75.5**
CLOSING NET CASH		**185.2**	**399.6**	**427.3**
Cash and cash equivalents (excluding interest accrued but not due)		185.7	400.1	427.9
Bank overdrafts (excluding interest accrued but not due)		(0.5)	(0.5)	(0.6)
NET CASH		**185.2**	**399.6**	**427.3**

(a) Tax paid primarily includes the exit tax and the company value-added contribution (CVAE).

Consolidated statement of changes in equity

(in millions of euros)	Share capital	Share premium	Revaluation reserves	Other reserves and net profit/(loss) attributable to the Group	Equity attributable to the Group	Total equity
EQUITY AS OF 01/01/2019	**552.0**	**992.2**	**(12.2)**	**151.8**	**1,683.8**	**1,683.8**
Net profit/(loss)				45.0	**45.0**	**45.0**
Other comprehensive income:						
- Changes in value			(17.1)		**(17.1)**	**(17.1)**
- Recycling to the income statement			(0.4)		**(0.4)**	**(0.4)**
Comprehensive income for the financial year			**(17.5)**	**45.0**	**27.5**	**27.5**
Dividends paid		(102.3)		(50.8)	**(153.1)**	**(153.1)**
Capital increase	23.5	96.5			**120.0**	**120.0**
Other					**(0.0)**	**(0.0)**
EQUITY AS OF 06/30/2019	**575.5**	**986.4**	**(29.7)**	**145.9**	**1,678.2**	**1,678.2**
Net profit/(loss)				44.3	**44.3**	**44.3**
Other comprehensive income:						
- Changes in value			4.7		**4.7**	**4.7**
- Recycling to the income statement			0.0		**0.0**	**0.0**
Comprehensive income for the financial year			**4.7**	**44.3**	**49.0**	**49.0**
Capital increase		(0.0)			**(0.0)**	**(0.0)**
Other				**0.0**	**0.0**	**0.0**
EQUITY AS OF 12/31/2019	**575.5**	**986.3**	**(24.9)**	**190.2**	**1,727.2**	**1,727.2**
Net profit/(loss)				**39.9**	**39.9**	**39.9**
Other comprehensive income:						
- Changes in value			(10.1)		**(10.1)**	**(10.1)**
- Recycling to the income statement			(0.3)		**(0.3)**	**(0.3)**
Comprehensive income for the financial year			**(10.5)**	**39.9**	**29.5**	**29.5**
Dividends paid		(96.1)		(76.8)	**(172.9)**	**(172.9)**
EQUITY AS OF 06/30/2020	**575.5**	**890.2**	**(35.4)**	**153.4**	**1,583.8**	**1,583.8**

2. Notes to the condensed consolidated financial statements

Note 1 General principles

1.1 General information

Icade Santé ("the Company") is a French simplified joint-stock company (SAS, *société par actions simplifiée*). Its registered office is situated at 27 rue Camille Desmoulins, 92130 Issy-les-Moulineaux, France. As of June 30, 2020, it was 56.84% owned by the company Icade SA, with no change in the percentage of ownership since December 31, 2019. It is fully consolidated in Icade SA's consolidated financial statements.

The Company's condensed consolidated financial statements for the period ended June 30, 2020 reflect the financial position and profits and losses of the Company and its subsidiaries ("the Group"). They were prepared in euros, which is the Company's functional currency.

As of June 30, 2020, the Group consisted of 18 consolidated entities (17 as of December 31, 2019 and 15 as of June 30, 2019). It operates as a property investor, assisting healthcare and senior services providers with the ownership and development of healthcare properties across France.

1.2 Accounting standards

The Group's condensed consolidated financial statements for the half-year ended June 30, 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as of June 30, 2020, pursuant to European Regulation No. 1606/2002 dated July 19, 2002, and include comparative information (H1 2019 and/or December 31, 2019) prepared under the accounting standards applicable at the reporting date.

The international accounting standards are issued by the IASB (International Accounting Standards Board) and have been adopted by the European Union. They include the IFRS, the IAS (International Accounting Standards) and their interpretations. These standards are available for viewing on the European Commission's website.

The accounting methods and measurement bases used by the Group in preparing the condensed consolidated financial statements are identical to those used for the consolidated financial statements as of December 31, 2019, subject to the specific provisions of IAS 34 - Interim financial reporting described in note 1.3.3, and except for those mandatory standards, interpretations and amendments to be applied for periods beginning on or after January 1, 2020, which are detailed in note 1.2.1 below.

Standards, amendments and interpretations

1.2.1 Mandatory standards, amendments and interpretations adopted by the European Union which became effective on January 1, 2020

♦ Amendments to IFRS 3 - New definition of a business:

On April 21, 2020, the European Union adopted an amendment to IFRS 3 that revises the definition of a business. Henceforth, to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

In practice, this amendment narrows the definition of the term "business" to focus on goods and services provided to customers, introduces an optional concentration test (to determine whether substantially all of the fair value of the assets acquired is concentrated in a single asset) and assesses whether an acquired process is substantive. In addition, there is no longer the presumption that goodwill arising from an acquisition signifies the existence of a business. Two conditions that previously had to be met for an acquisition to be considered a business have also been removed (namely market participants being able to replace an input or a process and the integrated set being able to provide lower costs to the acquirer).

As a result of applying this amendment, the first paragraph of the "Business combinations" section in note 3 to the Group's consolidated financial statements as of December 31, 2019 has been amended as follows: "To determine whether a transaction is a business combination under the revised IFRS 3, the Group analyses whether a business has been acquired and not just property and whether this integrated set includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output."

The application of this amendment has had no impact on the Group's condensed consolidated financial statements as of June 30, 2020.

♦ Amendments to IAS 39, IFRS 7 and IFRS 9 - Interest Rate Benchmark (IBOR) Reform - Phase 1

On September 26, 2019, the IASB published an amendment to IFRS 9 and IAS 39 with respect to the reform of interest rate benchmarks, which are used to value many financial instruments. The Group early adopted this amendment, whose application became mandatory on January 1, 2020, in preparing its consolidated financial statements as of December 31, 2019.

This amendment was prepared against the backdrop of interbank offered rates (IBOR) being replaced with new benchmarks worldwide. In Europe, the main rates affected include EONIA and EURIBOR which have been replaced by ESTER and a hybrid EURIBOR respectively.

The main consequences of the reform relate to the possible discontinuation of hedge accounting, the modification or derecognition of certain contracts and the recognition of gains or losses resulting from the modification of certain contracts.

Phase 1 of the reform deals solely with the effect on hedge accounting before new interest rate benchmarks come into effect. For the Group, Phase 1 applies to interest rate swaps as described in note 5.1.3 that are considered cash flow hedges with maturities starting after January 1, 2022, the date at which EURIBOR will no longer be published. The Group has worked on amending hedging contracts and hedged debt alongside its banking partners since 2019 with this work scheduled for completion by 2022. Application of Phase 1 of the reform had no material impact on the Group's consolidated financial statements as of December 31, 2019 or its condensed consolidated financial statements as of June 30, 2020.

The IASB published an exposure draft in April 2020 for Phase 2 of the reform which deals specifically with the consequences of the modifications made to the contracts. Phase 2 amendments are scheduled to become effective for annual periods beginning on or after January 1, 2021 with early application permitted. The Group is currently working on assessing the impact of Phase 2 of the reform on its hedging contracts.

Other standards, interpretations, amendments and decisions issued by the IFRS Interpretations Committee (IFRS IC)

♦ IFRS IC decision on IFRS 16 - Leases

In November 2019, the IFRS IC reached a final decision on determining lease terms and specifically on determining (i) the enforceable period of the lease and (ii) the useful life of any related non-removable leasehold improvements.

According to the IASB,

- The lease term should reflect an entity's reasonable expectation of the period during which the underlying asset will be used. The enforceability of the contract should therefore be assessed from both an economic and legal standpoint;

- The useful life of any related non-removable leasehold improvements should be assessed from an economic standpoint and aligned with the lease term.

The Group is currently estimating the impact of this decision on determining its lease terms and does not anticipate that it will have a significant effect on its consolidated financial statements. The accounting principles used by the Group with respect to determining the reasonably certain lease term as described in note 1.2.1 to the consolidated financial statements for the year ended December 31, 2019 thus continue to apply as of June 30, 2020.

- Amendments to IAS 1 and IAS 8 - Revised definition of material;
- Amendments to references to the Conceptual Framework in IFRS Standards.

The application of these guidelines has had no impact on the Group's consolidated financial statements.

1.2.2 Standards, amendments and interpretations issued by the IASB but not adopted by the European Union

Effective from June 1, 2020:

- Amendment to IFRS 16 - Covid-19-related rent concessions

This amendment provides an optional practical expedient and is effective for annual reporting periods beginning on or after June 1, 2020 without restatement of comparative periods. Earlier application is permitted subject to the European Union's approval.

It provides lessees with the option to apply an exemption from the requirement to determine whether a Covid-19-related rent concession is a lease modification and enables them to account for these concessions as if they were not lease modifications.

As the Group has received no rent concessions, this amendment is not relevant to its operations.

Effective from January 1, 2022:

- Amendment to IFRS 3 - Updating references to the Conceptual Framework
- Annual improvements to IFRS Standards - 2018-2020 Cycle (IFRS 1, IFRS 9, IAS 41, IFRS 16)
- Amendment to IAS 16 - Proceeds before intended use
- Amendment to IAS 37 - Onerous contracts - Cost of fulfilling a contract
- Amendment to IAS 1 - Classification of liabilities as current or non-current (possible deferral of the effective date to January 1, 2023)

Effective from January 1, 2023:

- IFRS 17 - Insurance contracts

Originally issued with a mandatory effective date of January 1, 2021, the IASB decided in March 2020 to defer the effective date of this standard to January 1, 2023. It applies to any company that writes insurance contracts, reinsurance contracts or investment contracts with discretionary participation features. It is not applicable to the Group.

1.3 Basis of preparation and presentation of the condensed consolidated financial statements

1.3.1 Measurement bases

The condensed consolidated financial statements have been prepared according to the amortised cost method, with the exception of certain financial assets and liabilities measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 - Fair value measurement utilises a fair value hierarchy across three levels:

- Level 1: fair value measured based on unadjusted prices quoted in active markets for identical assets or liabilities;
- Level 2: fair value measured based on models using observable data, either directly (i.e. prices), or indirectly

(i.e. data derived from prices);

- Level 3: fair value measured based on market data not directly observable.

According to the principle of relevance and the ensuing materiality notion, only information deemed relevant and useful to the users' understanding of the consolidated financial statements is reported.

The Group does not employ staff. It has delegated the management of its property assets as well as advisory and assistance work to its parent company Icade SA.

1.3.2 Use of judgement and estimates

The preparation of condensed consolidated financial statements requires the Group's management to use estimates and assumptions to determine the value of certain assets, liabilities, income and expenses, to assess any positive or negative contingencies as of the reporting date, as well as the information provided in the notes to the financial statements.

The accounting estimates used to prepare the financial statements as of June 30, 2020 were made amid an economic and health crisis (the "Covid-19 crisis") that generated considerable uncertainty about the economic and financial outlook. In this context of high uncertainty for the financial year, the Group considered the reliable information at its disposal at the time the condensed consolidated financial statements were prepared with respect to the impact of this crisis. Its key estimates are listed below:

- Recoverable amounts, in particular in the valuation of property assets carried out by independent property valuers (see note 4.2);
- Measurement of credit risk arising from accounts receivable and contract assets (see note 2.1).

Due to the uncertainties inherent in any measurement process, the Group revises its estimates on the basis of regularly updated information. The future results of the operations concerned may differ from the estimates made at the reporting date of the consolidated financial statements.

In addition to using estimates, the Group's management uses its judgement to define the appropriate accounting treatment for certain operations and transactions where current IFRS and their interpretations do not specifically address the accounting issues raised. In particular, management has exercised its judgement in:

- Determining depreciation periods for investment property;
- Determining the classification of leases in which the Group is the lessor between operating and finance leases.

1.3.1 Specific rules applying to the preparation of condensed consolidated financial statements

Condensed consolidated financial statements do not include all the financial information required for annual consolidated financial statements and should therefore be read in conjunction with the Group's consolidated financial statements as of December 31, 2019.

In addition, the Group's property assets are valued twice a year by independent valuers in accordance with the methods described in note 4.2.

Note 2. H1 2020 highlights

2.1. Covid-19 crisis

In March 2020, the World Health Organization declared the Covid-19 infectious respiratory disease to be a global pandemic. The pandemic (hereinafter the "Covid-19 crisis") has had a significant impact on the world economy, with a sharp economic slowdown in almost all sectors, particularly during the lockdown period.

The Group took a series of emergency measures as soon as the lockdown was announced in France in order to ensure it could continue its activities to the greatest extent possible, maintaining its strong financial position and preserving its liquidity requirements.

The Group's financial structure and liquidity position remained very solid:

- ♦ The impairment tests performed on the Group's investment property at June 30, 2020 did not result in the recognition of any significant impairment losses (see specific section below on the impairment tests performed on investment property);
- ♦ In this uncertain market environment, unrealised capital gains on the property portfolio increased by €69.0 million as of June 30, 2020 compared to December 31, 2019;
- ♦ The Group's net cash stood at €185.2 million as of June 30, 2020, reflecting a solid cash position;
- ♦ Although rent deferrals have been granted, impacting the average payment period for accounts receivable, no major new risks of tenant default with the potential to affect the Group's credit risk had been identified as of June 30, 2020.

The effects of the Covid-19 crisis on the Group's condensed consolidated financial statements as of June 30, 2020 are detailed below. The impacts identified cover only the first half of 2020. The estimates used were made in accordance with note 1.3.2 "Use of judgement and estimates". The effects of the Covid-19 crisis are expected to continue into the second half of the year.

Given the nature of its properties, the Group's rental income for the period was not impacted. The main effects of the Covid-19 crisis on the income statement and financial position as of June 30, 2020 are described below:

♦ Tenant receivables

The Group has granted some of its tenants deferrals on Q2 rents (from payable in advance to payable in arrears). These deferrals increased accounts receivable as of June 30, 2020 by €12.8 million (see note 7.2).

The Group has maintained its policy on the impairment of receivables. As at each reporting date, a case-by-case analysis was carried out to assess the risk of non-payment of receivables and to impair, where appropriate, receivables from tenants at risk of default. As of June 30, 2020, the Group did not identify any heightened risk of default from its tenants that benefited from rent deferrals. This issue will be specifically monitored in H2 2020.

♦ Projects under development

The Covid-19 health crisis is expected to result in completion delays and additional costs relating to the pandemic such as costs associated with shutting down and restarting construction sites, health and safety costs. Analyses and negotiations were ongoing as of June 30, 2020, the conclusions and effects of which will be known in H2 2020.

♦ Valuation of investment properties

As at each reporting date, investment property was valued by independent property valuers as described in note 4.2. These valuations were carried out amid the uncertainty surrounding the recent Covid-19 crisis. As a result, the assumptions used by the valuers at this stage may be revised significantly in H2.

2.2. Investments made

As regards investments, a nursing home operated by Korian in Carcassonne was acquired in H1 2020 for €6.7 million.

2.3. Finance and changes in net financial liabilities

The most significant financing transaction related to the early repayment of a loan to Icade SA for €110.0 million.

2.4. Dividend distribution

Dividends distributed by the Company to its shareholders amounted to €172.9 million in 2020 (€153.1 million in 2019), i.e. €4.58 per share (€4.34 per share in 2019).

See note 6. “Equity and earnings per share” for further information about dividends paid out by the Group in the financial year 2020.

Note 3. Segment reporting

The Group's business activities consist in assisting healthcare and senior services providers with the ownership and development of healthcare properties across France. These properties include short- and medium-term care facilities (private hospitals, rehabilitation centres) as well as long-term facilities (nursing homes).

During the periods presented, the Group measured the performance of its operations taken as a whole.

As a result, it only reports on one operating segment.

Note 4. Property portfolio and fair value

4.1. Property portfolio

4.1.1. Investment property

The Group's property portfolio consists of investment property. It is valued as described in note 4.2 and its fair value is presented in note 4.3.

Investments made in 2020 added up to €28.8 million, bringing the net value of the Group's property portfolio to €3,450.7 million:

(in millions of euros)	12/31/2019	Acquisitions, construction work and impact of changes in scope of consolidation (a)	Disposals	Net depreciation charges	Net change in impairment losses	Other changes (b)	06/30/2020
Net value of investment property	3,487.0	28.8	(0.2)	(59.3)	(3.7)	-	3,452.6
Liabilities relating to investment property (c)	(1.9)		-			(0.0)	(1.9)
TOTAL PROPERTY PORTFOLIO	**3,485.1**	**28.8**	**(0.2)**	**(59.3)**	**(3.7)**	**(0.0)**	**3,450.7**

(a) Including capitalised finance costs for €0.4 million.
(b) Other changes related to repayments of lease liabilities.
(c) Liabilities relating to investment property consist of lease liabilities relating to building leases.

Investments (acquisitions, construction work and impact of changes in scope of consolidation) amounted to €28.8 million during the period and primarily included the following:

- ♦ The acquisition of a nursing home operated by Korian in Carcassonne for €6.7 million;
- ♦ Projects in the development pipeline for €13.8 million including healthcare facility projects in Narbonne, Caen, Lunel and Saintes;
- ♦ An off-plan sale project for a PAC facility in Le Perreux-sur-Marne (Val-de-Marne) for €3.6 million;
- ♦ Other capital expenditures for €4.7 million.

Breakdown of the net value of investment property

In the condensed consolidated financial statements, investment property consists of owned property, property held under finance leases and right-of-use assets relating to building leases.

The net carrying amount of investment property for the period is broken down as follows based on how it is held:

(in millions of euros)	12/31/2019	changes in scope of consolidation (a)	Disposals	Net depreciation charges	Net impairment losses	06/30/2020
Gross value	3,659.1	27.3	(0.2) |			3,686.2
Depreciation	(626.5)		-	(51.3)	-	(677.8)
Impairment losses	(4.8)		-	-	(3.7)	(8.5)
Net value of owned investment property	**3,027.8**	**27.3**	**(0.2)**	**(51.3)**	**(3.7)**	**2,999.9**
Gross value	535.9	1.5	-			537.4
Depreciation	(78.6)		-	(8.0)	-	(86.6)
Impairment losses	-		-	-	-	-
Net value of investment property held under a finance lease	**457.3**	**1.5**	**-**	**(8.0)**	**-**	**450.8**
Gross value	2.0	-	-			2.0
Depreciation	(0.0)		-	(0.0)	-	(0.1)
Impairment losses	-		-	-	-	-
Net value of right-of-use assets relating to building leases	**1.9**	**-**	**-**	**(0.0)**	**-**	**1.9**
TOTAL INVESTMENT PROPERTY	**3,487.0**	**28.8**	**(0.2)**	**(59.3)**	**(3.7)**	**3,452.6**

4.2. Valuation of the property portfolio: methods and assumptions

4.2.1. Valuation assignments

The Group's property assets are valued twice a year by independent property valuers according to a framework consistent with the SIIC Code of Ethics (*sociétés d'investissement immobilier cotées*, French listed real estate investment companies) published in July 2008 by the French Federation of Real Estate Companies (*Fédération des sociétés immobilières et foncières*).

Property valuations were entrusted to Jones Lang LaSalle Expertises and Catella Valuation.

The valuers are selected through competitive bidding. The property valuers consulted are selected from among members of AFREXIM (French Association of Property Valuation Companies) and are appointed for a maximum period of three years.

In accordance with the SIIC Code of Ethics, after seven years the Group shall ensure that there is an internal turnover of the teams responsible for the valuation of its assets in the selected property valuation company. The valuer signing the valuation may not be appointed for more than two consecutive terms of four years except where the valuer has met the requirement with regard to the internal turnover of the teams. Property valuation fees are billed to the Group on the basis of a fixed service fee that takes into account the specificities of the properties (number of units, floor area, number of existing leases, etc.) and that is not based on the value of the assets.

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

- ♦ The Property Valuation Charter (Charte de l'expertise en évaluation immobilière), fifth edition, published in March 2017;
- ♦ The Barthès de Ruyter report from the French Securities and Exchange Commission (COB), which is part of the French Financial Markets Authority (AMF), dated February 3, 2000, on the valuation of the property assets of publicly traded companies;
- ♦ On an international level, the European Valuation Standards of TEGoVA (The European Group of Valuers'

Associations), 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 required qualifications for the property valuers, a code of conduct and ethics, and the main definitions (values, floor areas, rates and main valuation methods).

During each valuation session and when valuers submit their valuation reports, the Group makes sure that the methods used by the different property valuers to value its assets are consistent.

Valuations are calculated both inclusive and exclusive of duties, the values excluding duties being net of duties and fixed legal expenses calculated by the property valuers.

On-site visits are systematically conducted by the property valuers for all new assets added to the portfolio. Further on-site visits are then organised according to a multi-year schedule or each time that a specific event in the life of the building requires it (occurrence of significant changes in its structure or environment). It should be noted that visits initially scheduled between March and June 2020 were exceptionally postponed to H2 2020 due to the health crisis.

All the assets, including the land bank and projects under development, were valued as of June 30, 2020 according to the procedures currently in place within the Group, with the exception of:

- ♦ Properties subject to a preliminary sale agreement as of the end of the reporting period or those for which an offer has been received and that are valued based on the price indicated in the agreement excluding duties;
- ♦ Properties acquired less than three months before the end of the annual reporting period, which are valued at their acquisition price excluding duties.

The Group also has in place a process of internal valuation by its asset management teams in order to verify the asset values obtained by the property valuers and to gain a better understanding of the future performance of the portfolio on the basis of the business plans defined. This process is updated on a yearly basis. However, assets whose business plan changes materially are subject to a half-yearly update.

4.2.2. Methods used by the property valuers

The methods used by the property valuers are identical to those used for the previous financial year except for the inclusion of the declarations set out below in light of the coronavirus pandemic.

Catella Valuation:

"*The coronavirus (Covid-19) outbreak, declared a "global health emergency" by the World Health Organisation on January 30, 2020, has impacted global financial markets. As at the valuation date, we thus consider that we can attach less weight to previous market evidence for comparison purposes, even if there is no shortage of such evidence in France for the purpose of our valuations. In addition, due to the exceptional measures that have been taken in response to the Covid-19 pandemic, property valuers have been faced with unprecedented market conditions. Our valuations are therefore based on the material uncertainty surrounding the market. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that you keep these valuations under frequent review*.

Jones Lang LaSalle:

"*The coronavirus (Covid-19) outbreak, declared a "global pandemic" by the World Health Organisation on March 11, 2020, has impacted global financial markets. Travel restrictions and lockdown measures have been implemented by many countries. As a result, market activity is being impacted in every sector, including real estate.*

In the case of this valuation, we believe that the main market evidence for comparative purposes dates from before these events and thus does not allow us to unequivocally form an opinion of value (market or rental) at this stage of the current health and economic crisis.

The repercussions of Covid-19 (social, political, health, economic, etc.) are extraordinary, meaning that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation(s) is (are) therefore reported as being subject to "material valuation uncertainty' as set out in VPGA 10 of the RICS Valuation - Global Standards.

Typically, in a climate of uncertainty, the liquidity of assets may be impacted. Markets may experience lower levels of transactional activity and lack visibility. Although the fundamentals of the French commercial real estate market have remained sound, one cannot rule out a certain spillover into the investment market or leasing activity (in value and/or volume terms) in the near future.

As of the date of our report, the number of transactions signed since the start of the pandemic has not yet been sufficient to allow us to draw conclusions about the impact of this new financial environment on the real estate investment market and, more specifically, yields. Our valuation is thus subject to the potential impact on the real estate market which at this stage has yet to be determined. To ensure transparency towards the parties affected by these conclusions, less certainty should be attached to our valuation reports than would normally be the case.

The inclusion of the "material valuation uncertainty" declaration does not mean that our valuation cannot be relied upon. We recommend that you keep the valuation contained within this report under frequent review depending on your needs. The values were determined in June 2020 based on information brought to our attention at that time."

As at the valuation date, most experts agree that the use of market comparables predating the crisis is less relevant for the purpose of their valuations. The impact of the Covid-19 crisis on property values is unknown at the reporting date and valuers have had to face an unprecedented set of circumstances on which to base a judgement.

The valuation is therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty - and a higher degree of caution - should be attached to valuations conducted as at June 30, 2020 than would otherwise be the case. Given the unknown future impact that Covid-19 might have on the real estate market, valuers recommend that property valuations be kept under frequent review.

Valuers nonetheless specify that the inclusion of a "material valuation uncertainty" declaration does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that in the current circumstances, less certainty can be attached to the valuation than would normally be the case.

Private hospitals or other healthcare properties are valued by property valuers based on the mean of the values obtained using the rent capitalisation method (also known as "estimated rental value" method) and the discounted cash flow method.

The market value of a healthcare facility is essentially dependent on its operation and its ability to generate sufficient income to provide a reasonable return on the property investment. These buildings fall under the category of single-use buildings and their value determined by the property valuer is totally related to their operation and consequently to the value of the underlying business. Also, since these premises are unsuitable for any other use without substantial conversion works, they are not subject to rent ceilings upon lease renewals or rent reviews or to the traditional rules for determining the estimated rental value.

The estimated rental value used by the property valuers thus takes into account a share of the average revenue or average EBITDA that the facility has generated during the last years of operation, with or without adjustment for category, administrative environment, quality of operating structure (price positioning, hospital fee agreement with the French Social Security, income statement, etc.) and competitive position. Alternatively, the healthcare property can be valued by capitalisation of the gross rental income reported by the Group.

4.2.3. Main valuation assumptions for investment property

Asset types	Methods generally used	Rates for discounting cash flows (DCF)	Exit yields (DCF)	Market yields (income capitalisation)
Paris region	Capitalisation and DCF	5.1% - 6.8%	4.9% -6.7%	4.5% - 6.2%
France outside the Paris region	Capitalisation and DCF	4.9% - 8.9%	4.6% - 8.6%	4.2% - 8.2%

4.3. Fair value of the property portfolio

4.3.1. Unrealised capital gains on the property portfolio

Unrealised capital gains amounted to €1,566.2 million as of June 30, 2020, representing an increase of €69.0 million compared to the previous financial year:

(in millions of euros)	06/30/2020	12/31/2019	Chg. 2020 - 2019
Fair value	5,016.9	4,982.3	34.6
Net carrying amount	3,450.7	3,485.1	(34.4)
UNREALISED CAPITAL GAINS	**1,566.2**	**1,497.2**	**69.0**

4.3.2. Impact of impairment losses on the income statement

The impact of impairment losses on the income statement is shown under the heading “Charges and reversals related to impairment of tangible, financial and other current assets” of the consolidated income statement.

As of June 30, 2020, impairment losses on investment property held by Group companies totalled €3.7 million.

4.3.3. Sensitivity of the net carrying amounts of appraised assets to potential changes in fair value

The sensitivity of the net carrying amounts of appraised assets to potential changes in fair value ranging from -5.00% to +5.00% is shown in the table below.

	Changes in fair value of investment property			
(in millions of euros)	(5.00)%	(2.50)%	+ 2.50%	+ 5.00%
Total as of 12/31/2019		(13.4)	1.8	1.8
Total as of 06/30/2020		**(12.2)**	**0.7**	**1.3**

Note 5. Finance and financial instruments

5.1 Financial structure and contribution to profit/(loss)

5.1.1 Change in net financial liabilities

Breakdown of net financial liabilities at end of period

As of June 30, 2020, net financial liabilities stood at €1,811.0 million and broke down as follows:

			Cash flow from financing activities			
(in millions of euros)		12/31/2019	New financial liabilities	Repayments	Fair value adjustments and other changes (a)	06/30/2020
Bonds		500.0	-	-	-	500.0
Borrowings from credit institutions		781.3	-	(9.5)	-	771.7
Finance lease liabilities		196.7	1.6	(9.3)	0.0	189.0
Other borrowings and similar liabilities		52.3	-	(1.2)	-	51.1
Total borrowings		**1,530.2**	**1.6**	**(20.1)**	**0.0**	**1,511.8**
Payables associated with equity investments (b)		558.5	-	(111.2)	0.2	447.4
Bank overdrafts		0.6	-	-	(0.1)	0.5
TOTAL GROSS INTEREST-BEARING FINANCIAL LIABILITIES		**2,089.3**	**1.6**	**(131.3)**	**0.0**	**1,959.7**
Interest accrued and amortised issue costs		(2.0)	-	-	1.4	(0.6)
GROSS FINANCIAL LIABILITIES	**5.1.2**	**2,087.3**	**1.6**	**(131.3)**	**1.4**	**1,959.0**
Interest rate derivatives	5.1.3	27.7	-	-	10.0	37.7
Financial assets (c)	5.1.5	(0.0)	-	-	0.0	(0.0)
Cash and cash equivalents	5.1.6	(427.9)	-	-	242.2	(185.7)
NET FINANCIAL LIABILITIES		**1,687.1**	**1.6**	**(131.3)**	**253.7**	**1,811.0**

(a) Other changes related to changes in scope of consolidation, cash flow from bank overdrafts and cash and cash equivalents.
(b) Liabilities to Icade SA, which amounted to €557.4 million as of December 31, 2019, made up the entirety of payables associated with equity investments as of June 30, 2020.
(c) Excluding security deposits paid.

The change in gross debt (excluding derivatives) for the period mainly resulted from:

♦ The normal amortisation of borrowings from credit institutions for €9.5 million and finance lease liabilities for €9.3 million;

♦ Early repayment of a loan to Icade SA for €110.0 million;

♦ A €1.6 million increase in finance lease liabilities following drawdowns on credit lines relating to development projects.

5.1.2 Components of financial liabilities

Gross financial liabilities: type of rate, maturity and fair value

Gross financial liabilities at amortised cost, including issue costs and premiums and the impact of spreading them by applying the effective interest method, stood at €1,959.7 million as of June 30, 2020. They broke down as follows:

		Current	Non-current					
(in millions of euros)	Balance sheet value 06/30/2020	Portion due in < 1 year	Portion due in 1 to 2 years	Portion due in 2 to 3 years	Portion due in 3 to 4 years	Portion due in 4 to 5 years	Portion due in > 5 years	Fair value 06/30/2020
Bonds	500.0	-	-	-	-	-	500.0	453.5
Borrowings from credit institutions	10.0	2.9	3.1	3.2	0.8	0.0	-	10.6
Finance lease liabilities	96.3	11.9	12.9	8.1	8.4	8.5	46.6	100.1
Liabilities to Icade SA	410.0	10.0	50.0	200.0	-	50.0	100.0	425.7
Fixed rate debt	**1,016.3**	**24.8**	**66.0**	**211.3**	**9.1**	**58.5**	**646.6**	**989.8**
Borrowings from credit institutions	761.7	14.2	14.5	14.8	38.1	140.5	539.6	722.2
Finance lease liabilities	92.7	9.4	13.9	9.8	19.2	4.9	35.5	89.8
Other borrowings and similar liabilities	51.1	2.5	2.5	2.6	2.6	2.7	38.2	51.3
Liabilities to Icade SA	37.4	37.4	-	-	-	-	-	37.5
Bank overdrafts	0.5	0.5	-	-	-	-	-	0.5
Variable rate debt	**943.4**	**64.0**	**30.9**	**27.1**	**59.9**	**148.1**	**613.3**	**901.4**
TOTAL GROSS INTEREST-BEARING FINANCIAL LIABILITIES	**1,959.7**	**88.8**	**96.9**	**238.5**	**69.1**	**206.6**	**1,259.9**	**1,891.3**

The average debt maturity was 5.7 years as of June 30, 2020 (6.1 years as of December 31, 2019).

As of June 30, 2020, the average maturity was 5.4 years for variable rate debt and 4.3 years for the related hedges, allowing adequate hedging and anticipating coverage of future financing needs.

Bond characteristics

ISIN code	Issue date	Maturity date	Nominal value on the issue date	Rate	Repayment profile	Nominal value as of 12/31/2019	Increase	Decrease	Nominal value as of 06/30/2020
FR0013457967	11/04/2019	11/04/2029	500.0	Fixed rate 0.875%	Interest only	500.0			500.0

5.1.3 Derivative instruments

Presentation of derivatives in the consolidated statement of financial position

As of June 30, 2020, derivative liabilities mainly consisted of interest rate derivatives designated as cash flow hedges for €37.7 million.

Detailed changes in fair value of derivative instruments as of June 30, 2020 were as follows:

(in millions of euros)	**12/31/2019** **(1)**	**Disposals** **(2)**	**Payments for guarantee** **(3)**	**Changes in fair value recognised in the income statement** **4)**	**Changes in fair value recognised in equity** **5)**	**06/30/2020** **(6) = (1) to (5) inclusive**
TOTAL INTEREST RATE DERIVATIVES (a)	**(27.7)**	**-**	**-**	**0.1**	**(10.1)**	**(37.7)**
Including derivative assets	0.2	-	-	(0.1)	(0.1)	-
Including derivative liabilities	(27.9)	-	-	0.2	(10.0)	(37.7)

(a) Derivatives consisted of interest rate swaps (fixed-rate payer).

<u>Changes in hedge reserves</u>

Hedge reserves consist exclusively of fair value adjustments to financial instruments used by the Group for interest rate hedging purposes (effective portion). As of June 30, 2020, hedge reserves amounted to €35.4 million and broke down as shown in the table below:

(*in millions of euros*)	**12/31/2019**	**Recycling to the income statement**	**Changes in value**	**06/30/2020**
Revaluation reserves – CFH reserves – Interest rate swaps	**(24.9)**	**(0.3)**	**(10.1)**	**(35.4)**

<u>Derivatives: analysis of notional amounts by maturity</u>

The derivative portfolio as of June 30, 2020 was as follows:

(in millions of euros)	**Total**	**Portion due in < 1 year**	**Portion due in > 1 year and < 5 years**	**Portion due in > 5 years**
Outstanding derivatives – Interest rate swaps – Fixed-rate payer	769.0	18.8	306.4	443.8
TOTAL INTEREST RATE DERIVATIVES AS OF 06/30/2020	**769.0**	**18.8**	**306.4**	**443.8**
TOTAL INTEREST RATE DERIVATIVES AS OF 12/31/2019	**777.8**	**20.0**	**226.7**	**531.2**

These derivatives are used as part of the Group's interest rate hedging policy (see note 5.2.2).

5.1.4 Finance income/(expense)

Finance income/(expense) consists primarily of:

Cost of gross financial liabilities (primarily including interest expenses on financial liabilities and derivatives);

Other finance income and expenses primarily including restructuring costs for financial liabilities.

The Group recorded a net finance expense of €26.8 million as of June 30, 2020. In Q1 2020, the Group recognised €10.2 million in debt restructuring costs relating to prepayment penalties for financial liabilities which were paid to Icade SA.

(in millions of euros)	**06/30/2020**	**06/30/2019**	**12/31/2019**
Interest expenses on financial liabilities	(7.7)	(5.5)	(12.7)
Interest expenses on derivatives	(3.4)	(3.0)	(6.6)
Recycling to the income statement of interest rate hedging instruments	0.3	0.4	0.8
Expenses on loans and advances from Icade	(5.6)	(6.8)	(13.7)
COST OF NET FINANCIAL LIABILITIES	**(16.3)**	**(15.0)**	**(32.3)**
Change in fair value of derivatives recognised in the income statement	0.1	(0.1)	(0.0)
Commitment fees	(0.3)	(0.3)	(0.6)
Restructuring costs for financial liabilities	(10.2)	-	(0.6)
Finance income/(expense) from lease liabilities	(0.1)	(0.1)	(0.2)
Other finance income and expenses	(0.0)	(0.3)	(0.6)
Total other finance income and expenses	**(10.5)**	**(0.8)**	**(2.0)**
FINANCE INCOME/(EXPENSE)	**(26.8)**	**(15.8)**	**(34.2)**

5.1.5 Financial assets and liabilities

Change in financial assets and liabilities during the financial year

Financial liabilities consisted of deposits and guarantees received from tenants for €7.8 million as of June 30, 2020. Financial liabilities had a maturity of more than 5 years as of June 30, 2020.

Financial assets mainly consisted of deposits and guarantees paid. Changes broke down as follows as of June 30, 2020:

(in millions of euros)	**Period start**	**Acquisitions net of disposals and repayments**	**Impact of changes in scope of consolidation and capital**	**Other changes**	**Period end**
12/31/2019	1.3	(0.1)	0.2	(0.3)	1.1
06/30/2020	**1.1**	**-**	**-**	**-**	**1.1**

Maturity analysis of financial assets

A maturity analysis of other financial assets as of June 30, 2020 is shown in the table below:

(in millions of euros)	**06/30/2020**	**12/31/2019**
Portion due in < 1 year	-	0.0
Portion due in > 1 year and < 5 years	0.0	1.0
Portion due in > 5 years	1.0	0.1
FINANCIAL ASSETS AT AMORTISED COST	**1.1**	**1.1**

5.1.6 Cash and cash equivalents

(in millions of euros)	06/30/2020	12/31/2019
Term deposit accounts	6.0	5.0
Cash on hand and demand deposits (including bank interest receivable)	179.7	422.9
CASH AND CASH EQUIVALENTS	**185.7**	**427.9**

5.2 Management of financial risks

5.2.1 Liquidity risk

The emergence of the Covid-19 crisis in H1 2020 has roiled financial markets, impacting the liquidity of companies. However, the intervention of the European Central Bank through France's central bank (Banque de France) enabled the market to gradually get back to business. During the crisis, the daily oversight of the Group's liquidity was stepped up, with continued disciplined management of cash and short-term investments.

As of June 30, 2020, the Group's cash stood at €185.7 million.

As of June 30, 2020 and December 31, 2019, the Group also had undrawn amounts of short- and medium-term credit lines totaling €200 million, which were fully available. As a result, debt principal and interest payments are covered for over 18 months. Throughout the first half of 2020, Icade Santé had no need to draw down on these credit lines and thus still has the entire undrawn amount at its disposal. The Group has continued to access liquidity on favourable terms and is still fully able to raise more funds if necessary.

Besides, the Group ensures disciplined management and monitoring of the maturities of its main credit lines as shown in the table below. Future interest payments on borrowings and financial derivatives are determined based on anticipated market interest rates.

	06/30/2020										
	Portion due in < 1 year		**> 1 year and < 3 years**		**> 3 years and < 5 years**		**Portion due in > 5 years**		**Total principal**	**Total interest**	**Grand total**
(in millions of euros)	**Principal**	**Interest**	**Principal**	Interest	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	
Bonds	-	4.4	-	8.8	-	8.8	500.0	21.9	500.0	43.8	543.8
Borrowings from credit institutions	17.2	5.0	35.6	8.9	179.4	8.8	539.6	6.4	771.7	29.2	800.9
Finance lease liabilities	21.2	3.6	44.7	5.5	41.0	4.0	82.0	7.4	189.0	20.4	209.4
Other borrowings and similar liabilities	2.5	0.9	5.1	1.7	5.3	1.5	38.2	5.0	51.1	9.2	60.2
Liabilities to Icade SA	47.4	0.0	250.0	0.0	50.0	0.0	100.0	0.0	447.4	0.0	447.4
Bank overdrafts	0.5	-	-	-	-	-	-	-	0.5	-	0.5
Total gross interest-bearing financial liabilities	**88.8**	**13.9**	**335.4**	**24.9**	**275.7**	**23.1**	**1,259.9**	**40.6**	**1,959.7**	**102.5**	**2,062.2**
Financial derivatives		7.2		13.6		9.4		6.4		36.6	36.6
Lease liabilities	0.1	0.1	0.1	0.3	0.1	0.3	1.7	3.6	1.9	4.3	6.2
Accounts payable and tax liabilities	23.6	-	15.0	-	-	-	-	-	38.5	-	38.5
TOTAL	**112.4**	**21.3**	**350.4**	**38.8**	**275.7**	**32.8**	**1,261.6**	**50.6**	**2,000.1**	**143.4**	**2,143.5**

5.2.2 Interest rate risk

Interest rate risk includes, in the event of increased interest rates, the risk of increased finance expenses related to variable rate financial liabilities and, in the event of reduced interest rates, the risk of reduced finance income related to variable rate financial assets.

The Group has decided to focus interest rate risk management on variable rate liabilities, thereby excluding the management of interest rate risk inherent in the assets. The table below shows the breakdown of debt between fixed and variable rate, as well as before and after hedging:

		06/30/2020		
(in millions of euros)		**Fixed rate**	**Variable rate**	**Total**
Bonds		500.0	-	500.0
Borrowings from credit institutions		10.0	761.7	771.7
Finance lease liabilities		96.3	92.7	189.0
Other borrowings and similar liabilities		-	51.1	51.1
BREAKDOWN OF BORROWINGS		**606.3**	**905.4**	**1,511.8**
Breakdown of borrowings (in %)		***40%***	***60%***	***100%***
Impact of interest rate hedges (a)	5.1.3	769.0	(769.0)	-
BREAKDOWN AFTER HEDGING		**1,375.3**	**136.5**	**1,511.8**
Breakdown after hedging (in %)		***91%***	***9%***	***100%***

(a) Taking into account interest rate hedges entered into by the Group (see note 5.1.3).

As of June 30, 2020, the Group's total debt, consisting of 52% fixed rate debt and 48% variable rate debt, was 91% hedged against interest rate risk.

The average maturity of variable rate debt was 5.4 years and that of the associated hedges was 4.3 years.

It should be noted that the Group favours classifying its hedging instruments as "cash flow hedges" according to IFRS 9; therefore, any changes in fair value of such instruments are recognised in equity (for the effective portion) rather than in the income statement.

Due to the Group's hedging structure and the trend in interest rates in the last few financial years, changes in fair value of hedging instruments had a negative impact on other comprehensive income of €10.1 million as of June 30, 2020.

The accounting impact of a -1% or +1% change in interest rates on the value of derivatives is described below:

	06/30/2020	
(in millions of euros)	**Impact on equity before tax**	**Impact on the income statement before tax**
Impact of a +1% change in interest rates	38.4	0.2
Impact of a (1)% change in interest rates	(41.4)	(0.2)

5.2.3 Currency risk

Since the Group does not enter into any foreign currency transactions, it is not exposed to currency risk.

5.2.4 Credit risk

In the course of its business, the Group is exposed to two major types of counterparties: financial institutions and its tenants.

Regarding financial institutions, credit and/or counterparty risk relates to cash and cash equivalents, and to the banks where they are deposited. The investments chosen have maturities of less than one year with a very low risk profile. They are monitored daily and a regular review of authorised investments complements the control process. Additionally, in order to limit its counterparty risk, the Group only deals in interest rate derivatives with banking institutions which help fund its expansion. Furthermore, the Group only enters into financial transactions with major banking institutions and applies a principle of risk dispersion, avoiding concentration of exposure to any single counterparty. These principles are set out in the Bank Counterparty Risk Policy implemented by Icade's Finance Department. The Covid-19 crisis has not resulted in any heightened risk factors being identified in this respect.

Regarding its tenants, the Group believes that it is not exposed to significant credit risk thanks to its diversified tenant portfolio in terms of location and individual size of lease commitments. In addition, the Group has introduced procedures to verify the creditworthiness of tenants prior to signing leases. Lastly, the tenants' parent companies guarantee payment of any amount owed by them. These procedures are subject to regular monitoring.

In response to the Covid-19 crisis, the Group allowed healthcare operators to defer the due date of Q2 2020 advance rent payments to the end of the quarter which led to an increase in accounts receivable as of June 30, 2020. The Group does not expect any of its tenants that benefited from these measures to default.

The Group's exposure to credit risk corresponds primarily to the net carrying amount of receivables less deposits received from tenants, i.e. €23.0 million as of June 30, 2020.

5.2.5 Covenants and financial ratios

In addition, the Group is required to comply with the financial covenants listed below, which are covered by the Group's financial risk monitoring and management processes.

		Covenants	06/30/2020
LTV bank covenant	Maximum	< 52%	36.1%
ICR	Minimum	> 2	8.1x
Value of the property portfolio	Minimum	> €2bn	€5.0bn
Security interests in assets	Maximum	< 30% of the property portfolio	7.5%

Loans taken out by the Group may be subject to covenants based on financial ratios (loan-to-value (LTV) ratio and interest coverage ratio (ICR)). All covenants were met as of June 30, 2020.

LTV bank covenant

The LTV (loan-to-value) bank covenant, which is the ratio of net financial liabilities to the latest valuation of the property portfolio excluding duties, stood at 36.1% as of June 30, 2020 (compared with 33.9% as of December 31, 2019).

Interest coverage ratio (ICR)

The interest coverage ratio, which is the ratio of EBITDA plus the Group's share of net profit/(loss) of equity-accounted companies to the interest expense for the period, was 8.1x as of June 30, 2020 (7.7x in 2019). The ratio remains at a high level, demonstrating the Company's ability to comfortably comply with its bank covenants.

5.3 Fair value of financial assets and liabilities

5.3.1 Reconciliation of the net carrying amount and fair value of financial assets and liabilities

Below is the reconciliation of the net carrying amount and fair value of financial assets and liabilities as of June 30, 2020:

(in millions of euros)	Carrying amount as of 06/30/2020	Amortised cost	Fair value through equity	Fair value through profit or loss	Fair value as of 06/30/2020
ASSETS					
Financial assets	1.1	1.1	-	0.0	1.1
Accounts receivable	30.8	30.8	-	-	30.8
Other operating receivables (a)	1.4	1.4	-	-	1.4
Cash equivalents	6.0			6.0	6.0
TOTAL FINANCIAL ASSETS	**39.3**	**33.3**	**-**	**6.0**	**39.3**
LIABILITIES					
Financial liabilities	1,959.0	1,959.0	-	-	1,891.3
Lease liabilities	1.9	1.9	-	-	1.9
Other financial liabilities	7.8	7.8	-	-	7.8
Derivative instruments	37.7	-	37.7	-	37.7
Accounts payable	8.2	8.2	-	-	8.2
Other operating payables (a)	28.9	28.9	-	-	28.9
TOTAL FINANCIAL LIABILITIES	**2,043.6**	**2,005.9**	**37.7**	**-**	**1,975.9**

(a) Excluding prepaid expenses and income, and excluding social security and tax receivables and payables.

5.3.2 Fair value hierarchy of financial instruments

The three levels in the fair value hierarchy of financial instruments which are used by the Group in accordance with IFRS 13 are presented in note 1.3.1 on measurement bases.

The financial instruments whose fair value is determined using a valuation technique based on non-observable data are investments in unconsolidated, unlisted companies.

As of June 30, 2020, the Group's financial instruments consisted of:

♦ Derivative assets and liabilities measured based on observable data (level 2 of the fair value hierarchy);

♦ Financial assets at fair value through profit or loss, measured based on market data not directly observable (level 3 of the fair value hierarchy).

These values appear directly in the consolidated statement of financial position for the financial years ended June 30, 2020, and December 31, 2019.

Note 6 Equity and earnings per share

6.1 Share capital and shareholding structure

6.1.1 Share capital

Changes in the number of shares and share capital between December 31, 2018 and June 30, 2020 were as follows:

	Number	Capital *(in €m)*
SHARE CAPITAL AS OF 12/31/2018	**36,198,224**	**552.0**
Capital increase	1,542,612	23.5
SHARE CAPITAL AS OF 12/31/2019	**37,740,836**	**575.5**
SHARE CAPITAL AS OF 06/30/2020	**37,740,836**	**575.5**

As of June 30, 2020, share capital consisted of 37,740,836 ordinary shares with a par value of €15.25 each. All the shares issued are fully paid up.

6.1.2 Shareholding structure

The Company's shareholding structure, with the number of shares and percentage of share capital held, was as follows:

	06/30/2020		12/31/2019	
Shareholders	**Number of shares**	**% of capital**	**Number of shares**	**% of capital**
Icade SA	21,450,167	56.84%	21,450,167	56.84%
Messidor	6,230,545	16.51%	6,230,545	16.51%
Sogecapimmo	3,795,674	10.06%	3,795,674	10.06%
C Santé	3,364,305	8.91%	3,364,305	8.91%
Holdipierre	1,953,401	5.18%	1,953,401	5.18%
MF Santé	946,744	2.51%	946,744	2.51%
TOTAL	**37,740,836**	**100.00%**	**37,740,836**	**100.00%**

6.2 Dividends

Dividends per share distributed in 2020 and 2019 in respect of profits for the financial years 2019 and 2018, respectively, were as follows:

(in millions of euros)	06/30/2020	12/31/2019
Payment to Icade Santé shareholders	172.9	153.1
Total	**172.9**	**153.1**
Average number of shares	37,740,836	35,281,593
DIVIDEND PER SHARE (IN €)	**€4.58**	**€4.34**

Dividends per share distributed in the financial years 2020 and 2019 in respect of profits for 2019 and 2018 were €4.58 and €4.34, respectively.

6.3 Earnings per share

Since the Group did not have any dilutive instruments, its diluted net profit/(loss) per share was equal to its basic net profit/(loss) per share, which is shown below:

(in millions of euros)		06/30/2020	06/30/2019	12/31/2019
Net profit/(loss) attributable to the Group from continuing operations	(A)	39.9	45.0	89.3
Net profit/(loss) attributable to the Group		**39.9**	**45.0**	**89.3**
Opening number of shares		37,740,836	36,198,224	36,198,224
Increase in the average number of shares as a result of the capital increase	(B)	-	257,102	899,857
Average undiluted number of shares	(A/B)	37,740,836	36,455,326	37,098,081
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP PER SHARE (in euros)		**€1.1**	**€1.2**	**€2.4**

Note 7 Operational information

7.1 Gross rental income

The Group assists major operators of healthcare and senior services facilities with the ownership and development of healthcare properties. Leases are signed on a facility-by-facility basis. Gross rental income by operator break down as follows:

(in millions of euros)	06/30/2020		06/30/2019		12/31/2019	
Elsan	75.9	53.6%	78.8	58.5%	149.7	55.5%
Ramsay Santé	37.3	26.4%	36.3	26.9%	72.4	26.9%
Other operators	28.3	20.0%	19.6	14.5%	47.4	17.6%
GROSS RENTAL INCOME	**141.5**	**100.00%**	**134.7**	**100.00%**	**269.5**	**100.00%**

In H1 2020, 80.0% of the Group’s gross rental income came from the two largest operators of investment property held by the Group. This percentage stood at 85.5% for H1 2019.

No individual tenant operating a healthcare facility accounts for more than 10% of total gross rental income.

Service charges from investment property are presented net of recharges to tenants in the “Outside services” line of the consolidated income statement. Therefore, they consist of non-recoverable service charges. For H1 2019 and H1 2020 and as of December 31, 2019, service charges recharged to tenants were as follows:

(in millions of euros)	06/30/2020	06/30/2019	12/31/2019
SERVICE CHARGES RECHARGED TO TENANTS	**12.3**	**11.5**	**24.6**

Accounts receivable

Changes in accounts receivable were as follows:

(in millions of euros)	Period start	Change for the period	Impact of changes in scope of consolidation	Impairment losses	Period end
12/31/2019	6.8	4.6	1.2	(2.9)	9.7
06/30/2020	**9.7**	**21.3**	**(0.0)**	**(0.1)**	**30.8**

The change over the period is explained by the deferrals on Q2 rents (from payable in advance to payable in arrears) granted by the Group to some tenants in connection with the Covid-19 crisis.

Note 8. Other items of the consolidated income statement and consolidated statement of financial position

8.1 Income tax

The tax expense recognised in the consolidated income statement consists primarily of the company value-added contribution (CVAE). The tax expense is detailed in the table below:

(in millions of euros)	06/30/2020	06/30/2019	12/31/2019
Company value-added contribution (CVAE)	(1.4)	(1.4)	(2.7)
TAX EXPENSE RECOGNISED IN THE INCOME STATEMENT	**(1.4)**	**(1.4)**	**(2.7)**

The profit generated as of June 30, 2020 came exclusively from the Group's tax-exempt segment under the SIIC tax regime. As a result, no corporate tax was recognised.

8.2 Provisions and contingent liabilities

As of December 31, 2019 and June 30, 2020, the amount of provisions for liabilities and charges recognised by the Group was not material. Nor was the Group aware of any contingent liabilities likely to have a material effect on the Group's profits, financial position, assets or business.

Note 9. Other information

9.1 Off-balance sheet commitments

Commitments made by the Group consisted primarily of commitments relating to financing activities (mortgages, promises to mortgage property and assignments of claims). Commitments received mainly included commitments relating to operating activities and, in particular, security deposits received for rent payments.

No other events occurred during H1 2020 that had a significant impact on off-balance sheet commitments.

9.2 Events after the reporting period

None

9.3 Scope

The companies included in the scope of consolidation as of December 31, 2019 and June 30, 2020 are listed in the table below. All the companies in the scope of consolidation are fully consolidated into Icade Santé's financial statements.

Full = full consolidation

Equity = equity method

		2020		2019	
Company name	**Legal form**	**Method of consolidation**	**% 2020 ownership interest**	**Method of consolidation**	**% 2019 ownership**
ICADE SANTÉ	SAS	Full	Parent company	Full	Parent company
SA NCN ASSOCIÉS	SA	Full	100%	Full	100%
SCI SOCIÉTÉ DU CONFLUENT	SCI	Full	100%	Full	100%
SCI TONNAY INVEST	SCI	Full	100%	Full	100%
SCI PONT DU CHÂTEAU INVEST	SCI	Full	100%	Full	100%
SNC SEOLANES INVEST	SNC	Full	100%	Full	100%
SCI SAINT AUGUSTINVEST	SCI	Full	100%	Full	100%
SCI CHAZAL INVEST	SCI	Full	100%	Full	100%
SCI DIJON INVEST	SCI	Full	100%	Full	100%
SCI COURCHELETTES INVEST	SCI	Full	100%	Full	100%
SCI ORLÉANS INVEST	SCI	Full	100%	Full	100%
SCI MARSEILLE LE ROVE INVEST	SCI	Full	100%	Full	100%
SCI GRAND BATAILLER INVEST	SCI	Full	100%	Full	100%
SCI SAINT CIERS INVEST	SCI	Full	100%	Full	100%
SCI SAINT SAVEST	SCI	Full	100%	Full	100%
SCI BONNET INVEST	SCI	Full	100%	Full	100%
SCI GOULAINE INVEST	SCI	Full	100%	Full	100%
SAS LE CHÂTEAU	SAS	Full	100%		
SCI CLUB SANTÉ CBI	SCI			Full	Acquisition and merger

II. Statutory auditors' review report on the interim condensed consolidated financial statements (for the six-month period ended 30 June 2020)

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the President,

In our capacity as statutory auditors of Icade Santé and in response to your request, we have performed a limited review of the accompanying condensed half-year consolidated financial statements for the period from January 1st to June 30th, 2020.

These condensed half-year consolidated financial statements were prepared under the responsibility of the President on July 20th, 2020 on the basis of the information available at that date regarding the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these condensed half-year consolidated financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of IFRSs as adopted by the European Union applicable to interim financial information.

Neuilly-sur-Seine and Paris La Défense, July 20th 2020

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

Eric Bulle

Mazars

Gilles Magnan Johanna Darmon

AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2018, 31 DECEMBER 2017 AND 31 DECEMBER 2016

I. Audited consolidated financial statements of the Issuer for the year ended 31 December 2019

The financial statements appearing below are the English translation of the consolidated financial statements of the Issuer for the year ended 31 December 2019 as audited by its statutory auditors. A free English translation of their report thereon appears on page 154 of this Prospectus.

1. Consolidated financial statements as of December 31, 2019, 2018 and 2017

Unless otherwise stated, the consolidated financial statements are presented in millions of euros, rounded to the nearest hundred thousand euros. Rounding differences may therefore occur in the financial statements presented.

Consolidated income statement

(in millions of euros)	Notes	2019	2018	2017
Gross rental income	**8.1**	**269.5**	**241.0**	**214.9**
Purchases used		-	(0.1)	-
Outside services		(17.0)	(15.1)	(14.0)
Taxes, duties and similar payments		(0.6)	(0.6)	(0.4)
Staff costs, performance incentive scheme and profit sharing		-	(0.0)	-
Other operating expenses		(2.9)	(1.8)	(0.1)
Expenses from operating activities		**(20.5)**	**(17.6)**	**(14.6)**
EBITDA		**249.1**	**223.4**	**200.3**
Depreciation charges net of government investment grants	5.1	(113.9)	(107.8)	(97.5)
Charges and reversals related to impairment of tangible, financial and other current assets	5.3.2	(3.8)	(7.7)	(0.8)
Profit/(loss) from acquisitions		(2.7)	(1.3)	(0.2)
Profit/(loss) on asset disposals		(2.4)	(0.0)	0.2
OPERATING PROFIT/(LOSS)		**126.2**	**106.6**	**102.0**
Cost of net financial liabilities		(32.3)	(29.6)	(28.4)
Other finance income and expenses		(2.0)	(10.7)	(0.8)
FINANCE INCOME/(EXPENSE)	**6.1.4**	**(34.2)**	**(40.3)**	**(29.2)**
Tax expense	9.1	(2.7)	(1.5)	(1.7)
NET PROFIT/(LOSS)		**89.3**	**64.8**	**71.1**
- Including net profit/(loss) attributable to the Group		**89.3**	**64.8**	**71.1**
Net profit/(loss) attributable to the Group per share (in €)	7.3	**€2.4**	**€1.8**	**€2.2**

Consolidated statement of comprehensive income

(in millions of euros)	Notes	2019	2018	2017
NET PROFIT/(LOSS) FOR THE PERIOD		**89.3**	**64.8**	**71.1**
Other comprehensive income:				
Recyclable to the income statement: cash flow hedges		**(12.8)**	**(5.3)**	**3.3**
- Changes in fair value		(12.4)	(4.3)	4.4
- Recycling to the income statement		(0.4)	(1.1)	(1.2)
Total comprehensive income recognised in equity		**(12.8)**	**(5.3)**	**3.3**
Including transfer to net profit/(loss)		(0.4)	(1.1)	(1.2)
COMPREHENSIVE INCOME FOR THE PERIOD		**76.5**	**59.5**	**74.3**
- Including comprehensive income attributable to the Group		**76.5**	**59.5**	**74.3**

Consolidated statement of financial position

(in millions of euros)	Notes	12/31/2019	12/31/2018	12/31/2017
ASSETS				
Investment property	5.1	3,487.0	3,155.9	2,961.4
Financial assets at fair value through profit or loss	6.1.5	0.0	0.0	-
Financial assets at amortised cost	6.1.5	1.1	1.3	1.3
Derivative assets	6.1.3	0.2	0.0	0.8
NON-CURRENT ASSETS		**3,488.3**	**3,157.3**	**2,963.5**
Accounts receivable	8.2.2	9.7	6.8	5.5
Miscellaneous receivables	8.2.3	6.1	4.1	15.3
Financial assets at amortised cost	6.1.5	0.0	(0.0)	-
Derivative assets	6.1.3	-	-	(0.0)
Cash and cash equivalents	6.1.6	427.9	75.9	4.1
CURRENT ASSETS		**443.6**	**86.8**	**24.8**
TOTAL ASSETS		**3,932.0**	**3,244.1**	**2,988.4**

(in millions of euros)	Notes	12/31/2019	12/31/2018	12/31/2017
LIABILITIES				
Share capital	7.1	575.5	552.0	518.5
Share premium		986.3	992.2	941.0
Revaluation reserves	6.1.3	(24.9)	(12.2)	(6.8)
Other reserves		101.0	86.9	72.7
Net profit/(loss) attributable to the Group		89.3	64.8	71.1
Equity attributable to the Group		**1,727.2**	**1,683.8**	**1,596.4**
EQUITY		**1,727.2**	**1,683.8**	**1,596.4**
Provisions	11.1	0.1	0.1	-
Financial liabilities at amortised cost	6.1.1	1,993.3	1,427.4	1,188.0
Lease liabilities	8.3	1.9		
Tax liabilities		15.0	6.1	6.8
Other financial liabilities	6.1.5	7.4	6.3	3.7
Derivative liabilities	6.1.3	27.2	15.0	11.3
NON-CURRENT LIABILITIES		**2,044.7**	**1,454.8**	**1,209.8**
Provisions	10.1	-	0.0	0.0
Financial liabilities at amortised cost	6.1.1	94.0	52.2	119.5
Lease liabilities	8.3	0.0		
Tax liabilities		15.7	14.8	14.8
Accounts payable		7.4	3.1	3.7
Miscellaneous payables	8.2.3	42.2	34.5	43.3
Derivative liabilities	6.1.3	0.8	0.8	0.8
CURRENT LIABILITIES		**160.2**	**105.4**	**182.1**
TOTAL LIABILITIES AND EQUITY		**3,932.0**	**3,244.1**	**2,988.4**

Consolidated cash flow statement

(in millions of euros)	Notes	2019	2018	2017
I) OPERATING ACTIVITIES				
Net profit/(loss)		**89.3**	**64.8**	**71.1**
Net depreciation and provision charges		120.6	114.5	98.4
Unrealised gains and losses due to changes in fair value		(0.3)	(1.3)	(1.4)
Other non-cash income and expenses		(1.7)	2.1	1.0
Capital gains or losses on asset disposals		2.3	(0.0)	(0.3)
Cash flow from operating activities after cost of net financial liabilities and tax		**210.0**	**180.1**	**168.9**
Cost of net financial liabilities		27.0	30.8	29.1
Tax expense		2.7	1.5	1.7
Cash flow from operating activities before cost of net financial liabilities and tax		**239.8**	**212.4**	**199.7**
Interest paid		(34.7)	(32.2)	(30.7)
Tax paid (a)		(14.4)	(23.9)	(14.5)
Change in working capital requirement related to operating activities	8.2	(3.2)	10.2	(8.3)
NET CASH FLOW FROM OPERATING ACTIVITIES		**187.5**	**166.4**	**146.3**
II) INVESTING ACTIVITIES				
Tangible and intangible fixed assets and investment property				
- acquisitions		(231.4)	(133.4)	(270.5)
- disposals		18.3	2.2	6.9
Change in security deposits paid and received		1.1	0.4	(0.3)
Operating investments		**(212.0)**	**(130.7)**	**(263.9)**
Fully consolidated companies				
- acquisitions		(226.8)	(82.7)	(28.3)
- impact of changes in scope of consolidation		95.5	3.7	8.1
Financial investments		**(131.2)**	**(79.0)**	**(20.3)**
NET CASH FLOW FROM INVESTING ACTIVITIES		**(343.2)**	**(209.8)**	**(284.2)**
III) FINANCING ACTIVITIES				
Amounts received from shareholders on capital increases		120.0	159.9	100.0
Final and interim dividends paid to Icade Santé shareholders		(153.1)	(132.0)	(105.0)
Change in cash from capital activities		**(33.2)**	**27.9**	**(5.0)**
Bond issues and new financial liabilities		808.2	228.6	208.4
Repayments of lease liabilities (b)		(0.1)		
Bond redemptions and repayments of financial liabilities		(224.7)	(98.8)	(32.4)
Acquisitions and disposals of current financial assets and liabilities		(42.8)	(41.3)	(32.8)
Change in cash from financing activities	**6.1.1**	**540.7**	**88.6**	**143.2**
NET CASH FLOW FROM FINANCING ACTIVITIES		**507.5**	**116.6**	**138.2**
NET CHANGE IN CASH (I) + (II) + (III)		**351.8**	**73.2**	**0.3**
OPENING NET CASH		**75.5**	**2.3**	**2.0**
CLOSING NET CASH		**427.3**	**75.5**	**2.3**
Cash and cash equivalents (excluding interest accrued but not due)		427.9	75.9	4.1
Bank overdrafts (excluding interest accrued but not due)		(0.6)	(0.4)	(1.8)
NET CASH		**427.3**	**75.5**	**2.3**

(a) Tax paid primarily includes the exit tax and the company value-added contribution (CVAE).
(b) Following the adoption of IFRS 16 on January 1, 2019, repayments of lease liabilities are presented as "Repayments of lease liabilities" and interest payments on lease liabilities as "Interest paid".

Statement of changes in consolidated equity

(in millions of euros)	Share capital	Share premium	Revaluation reserves	Other reserves and net profit/(loss) attributable to the Group	Equity attributable to the Group	Total equity
Equity as of 01/01/2017	**497.2**	**918.2**	**(10.1)**	**121.7**	**1,527.0**	**1,527.0**
Net profit/(loss)				71.1	**71.1**	**71.1**
Other comprehensive income:						
Cash flow hedges						
- Changes in value			4.4		**4.4**	**4.4**
- Recycling to the income statement			(1.2)		**(1.2)**	**(1.2)**
Comprehensive income for the financial year			**3.3**	**71.1**	**74.3**	**74.3**
Dividends paid		(57.1)		(47.9)	**(105.0)**	**(105.0)**
Capital increase	21.3	78.7			**100.0**	**100.0**
Impact of mergers into the Company		1.1		(1.1)	**(0.0)**	**(0.0)**
Equity as of 12/31/2017	**518.5**	**941.0**	**(6.8)**	**143.8**	**1,596.4**	**1,596.4**
Net profit/(loss)				64.8	**64.8**	**64.8**
Other comprehensive income:						
Cash flow hedges						
- Changes in value			(4.3)		**(4.3)**	**(4.3)**
- Recycling to the income statement			(1.1)		**(1.1)**	**(1.1)**
Comprehensive income for the financial year			**(5.3)**	**64.8**	**59.5**	**59.5**
Dividends paid		(75.2)		(56.8)	**(132.0)**	**(132.0)**
Capital increase	33.5	126.4			**159.9**	**159.9**
Impact of mergers into the Company				(0.0)	**(0.0)**	**(0.0)**
Equity as of 12/31/2018	**552.0**	**992.2**	**(12.2)**	**151.8**	**1,683.8**	**1,683.8**
Net profit/(loss)				89.3	**89.3**	**89.3**
Other comprehensive income:						
Cash flow hedges						
- Changes in value			(12.4)		**(12.4)**	**(12.4)**
- Recycling to the income statement			(0.4)		**(0.4)**	**(0.4)**
Comprehensive income for the financial year			**(12.8)**	**89.3**	**76.5**	**76.5**
Dividends paid		(102.3)		(50.8)	**(153.1)**	**(153.1)**
Capital increase	23.5	96.4			**120.0**	**120.0**
Impact of mergers into the Company				(0.0)	**(0.0)**	**(0.0)**
Equity as of 12/31/2019	**575.5**	**986.3**	**(24.9)**	**190.2**	**1,727.2**	**1,727.2**

2. Notes to the consolidated financial statements

Note 1. General principles

1.1. General information

Icade Santé ("the Company") is a French simplified joint-stock company (SAS, *société par actions simplifiée*). Its registered office is situated at 27 rue Camille Desmoulins, 92130 Issy-les-Moulineaux, France. As of December 31, 2019, it was 56.84% owned by the company Icade SA, 56.77% as of December 31, 2018 and 56.51% as of December 31, 2017. It is fully consolidated in Icade SA's consolidated financial statements.

The Company's consolidated financial statements for the period ended December 31, 2019 reflect the financial position and profits and losses of the Company and its subsidiaries ("the Group"). They were prepared in euros, which is the Company's functional currency.

As of December 31, 2019, the Group consisted of 17 consolidated entities (vs. 15 as of December 31, 2018 and 2 as of December 31, 2017). It operates as a property investor, assisting healthcare and senior services providers with the ownership and development of healthcare properties across France.

1.2. Accounting standards

The Group's consolidated financial statements as of December 31, 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as of December 31, 2019, pursuant to European Regulation No. 1606/2002 dated July 19, 2002, and include comparative information as of December 31, 2018 and as of December 31, 2017 prepared in accordance with the IFRS applicable at the reporting date.

The international accounting standards are issued by the IASB (International Accounting Standards Board) and have been adopted by the European Union. They include the IFRS, the IAS (International Accounting Standards) and their interpretations. These standards are available for viewing on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

The accounting methods and measurement bases used by the Group in preparing the consolidated financial statements as of December 31, 2019 are identical to those used for the first consolidated financial statements as of December 31, 2018, except for those mandatory standards, interpretations and amendments to be applied for periods beginning on or after January 1, 2019, which are detailed in note 1.2.1 below.

These consolidated financial statements were approved by the Chairman on February 14, 2020.

Standards, amendments and interpretations

The Group has not early adopted any standards for the financial year ended December 31, 2019.

1.2.1. Mandatory standards, amendments and interpretations adopted by the European Union which became effective on January 1, 2019

IFRS 16 – Leases

This new mandatory standard, which became effective on January 1, 2019, supersedes IAS 17 and related interpretations. As far as lessees are concerned, it no longer makes a distinction between finance and operating leases. Lessees are required to account for all leases (except for the exemptions offered by IFRS 16 and applied by lessees) in a manner similar to the existing requirements under IAS 17 for finance leases, that is, by recognising a right-of-use asset and a lease liability representing an obligation to make lease payments in the consolidated statement of financial position, for the duration of the reasonably certain lease term.

For the Group, the impact of applying IFRS 16 from January 1, 2019 is described below. The accounting principles provided for in IFRS 16 and that are applied to the consolidated financial statements as of December 31, 2019 are described in notes 5. Property portfolio and 8.3. Lease liabilities.

- **Transitional measures adopted by the Group**

The Group has applied the following transitional measures:

♦ The Group has used the modified retrospective approach since January 1, 2019. Under this approach, only leases existing at the date of initial application need to be restated, meaning that those from comparative periods do not. As a result, comparative periods have not been restated;

♦ The Group has opted for the following practical expedients:

- A practical expedient making it possible not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4;
- Exemption for leases with a remaining term of 12 months or less;
- Exemption for leases for which the value of the underlying asset when it is new is less than €5,000;

♦ The amount of the lease liability recognised as of January 1, 2019 is the present value of the lease payments to be made over the reasonably certain lease term;

♦ The right-of-use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid lease payments that would otherwise have been recognised in the consolidated statement of financial position as of December 31, 2018;

♦ The right-of-use asset does not include initial direct costs;

♦ As of January 1, 2019, the rate used in calculating the present value of the lease payments to be made over the reasonably certain lease term is the Group's incremental borrowing rate. This is the rate at January 1, 2019 for leases existing at that date and it depends on the remaining lease term;

♦ Right-of-use assets relating to assets held under leases are shown as "Investment property" on the asset side of the consolidated statement of financial position. The associated lease liabilities are shown as "Lease liabilities" on the liability side of the consolidated statement of financial position, broken down between commitments falling due within one year and commitments falling due after one year;

♦ In the consolidated cash flow statement, principal repayments on lease liabilities affect cash flow from financing activities, and interest paid on lease liabilities affects cash flow from operating activities;

♦ In order to determine the reasonably certain lease term, management carries out an assessment that takes into account the particular features of each lease (e.g. the existence of early termination clauses—also referred to as "break clauses"—with or without significant penalties, the existence of lease extension clauses, etc.).

The leases identified by the Group are building leases.

- **Reconciliation between off-balance sheet commitments as of December 31, 2018 and the lease liability representing the obligation to make lease payments as of January 1, 2019**

(in millions of euros)	
Operating lease commitments as a lessee as of December 31, 2018	**6.5**
Leases not recognised in accordance with exemptions under IFRS 16	-
Undiscounted lease liabilities in accordance with IFRS 16 as of December 31, 2018	**6.5**

Effect of discounting	(4.6)
Total lease liabilities discounted at January 1, 2019 after applying IFRS 16	**1.9**

- **Impact on the consolidated statement of financial position as of January 1, 2019**

For the initial application of IFRS 16, the consolidated statement of financial position as of January 1, 2019 was impacted as follows:

♦ Right-of-use assets relating to building leases were recognised as "Investment property" for €1.9 million;

♦ "Lease liabilities" were recognised on the liability side of the consolidated statement of financial position for a total of €1.9 million, broken down between current and non-current liabilities.

Other interpretations and amendments

The following interpretation and amendments became effective on January 1, 2019.

♦ IFRIC interpretation 23 – Uncertainty over income tax treatments. This interpretation clarifies how IAS 12 – Income taxes should be applied to determine the items related to income tax, when there is uncertainty over the income tax treatments used by the Group under applicable tax rules;

♦ Amendments to IFRS 9 – Prepayment features with negative compensation;

♦ Amendments to IAS 28 – Long-term interests in associates and joint ventures;

♦ Amendments to IAS 19 – Plan amendment, curtailment or settlement;

♦ Annual improvements to IFRS standards (2015–2017 Cycle).

The application of these guidelines has had no impact on the Group's consolidated financial statements.

1.2.2. Standards, amendments and interpretations adopted by the European Union which became effective on January 1, 2020

♦ Amendments to IAS 1 and IAS 8 – Definition of material;

♦ Amendments to IAS 39, IFRS 7 and IFRS 9 with respect to the interest rate benchmark reform:

On September 26, 2019, the IASB issued an amendment to IFRS 9 with respect to the interest rate benchmark reform. Icade Santé early adopted this amendment in the 2019 consolidated financial statements.

The hedges affected by the interest rate benchmark reform are interest rate swaps designated as cash flow hedges as described in note 6.1.3, with maturities starting in 2022. Euribor should cease to be published in 2022.

All these interest rate swaps and hedged debt are based on Euribor, which will be replaced by a hybrid Euribor. Until 2022, Icade Santé will be working on amending hedge contracts and hedged debt alongside its banking partners.

Icade Santé does not believe the interest rate benchmark reform will have a material impact on its hedging relationships.

1.2.3. Standards, amendments and interpretations issued by the IASB but not yet adopted by the European Union

Effective from January 1, 2020:

- Amendments to IFRS 3 – Definition of a business;
- Amendments to references to the conceptual framework in IFRS standards.

Effective from January 1, 2022:

- IFRS 17 – Insurance contracts (not applicable to the Group).

1.3. Basis of preparation and presentation of the consolidated financial statements

1.3.1. Measurement bases

The consolidated financial statements have been prepared according to the amortised cost method, with the exception of certain financial assets and liabilities measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 – Fair value measurement utilises a fair value hierarchy across three levels:

- Level 1: fair value measured based on unadjusted prices quoted in active markets for identical assets or liabilities;
- Level 2: fair value measured based on models using observable data, either directly (i.e. prices), or indirectly (i.e. data derived from prices);
- Level 3: fair value measured based on market data not directly observable.

According to the principle of relevance and the ensuing materiality notion, only information deemed relevant and useful to the users' understanding of the consolidated financial statements is reported.

The Group does not employ staff. It has delegated the management of its property assets as well as advisory and assistance work to its parent company Icade SA. All these services are detailed in note 11.1 to these consolidated financial statements.

1.3.2. Use of judgement and estimates

The preparation of consolidated financial statements requires the Group's management to use estimates and assumptions to determine the carrying amount of certain assets, liabilities, income and expenses, to assess any positive or negative contingencies as of the reporting date, as well as the information provided in the notes to the financial statements.

The significant estimates made by the Group to prepare its consolidated financial statements relate mainly to the valuation of property assets carried out by independent property valuers in accordance with the methods described in note 5.2.

Due to the uncertainties inherent in any measurement process, the Group reviews its estimates on the basis of regularly updated information. The future results of the operations concerned may differ from the estimates made at the reporting date.

In addition to using estimates, the Group's management uses its judgement to define the appropriate accounting treatment for certain operations and transactions where current IFRS and their interpretations do not specifically address the accounting issues raised. In particular, management has exercised its judgement in:

- Determining useful life for investment property (see note 5.1);
- Determining the classification of leases in which the Group is the lessor between operating and finance leases.

Note 2. Highlights of the financial years 2019, 2018 and 2017

2.1. Investments and disposals completed

The Company's most significant investments were as follows:

Financial year 2019:

- Continued strategy to diversify internationally with the acquisition of 12 medium- and long-term care assets in France on July 31, 2019 from an OPPCI fund managed by Swiss Life Asset Managers France;
- Acquisition, on November 15, 2019, of the property assets of the Confluent private hospital in Nantes whose operation will be taken over by the Vivalto Group;
- Acquisition, on December 19, 2019, of two long-term care facilities operated by Korian.

Financial year 2018:

- First investment in the nursing home sector completed on July 4, 2018 by acquiring the Patrimoine et Santé group, made up of 15 legal entities owning 14 nursing home properties outside the Paris region which are operated by the DomusVi network;
- Montévrain healthcare property (medium-term care) acquired on July 18, 2018.

Financial year 2017:

- Five healthcare properties directly or indirectly acquired.

See note 5 "Property portfolio and fair value" for further information about investments and disposals carried out by the Company for the periods presented.

2.2. Finance and changes in net financial liabilities

The Company's most significant financing transactions were as follows:

Financial year 2019:

- €120.0 million capital increase on June 27, 2019, fully but unevenly subscribed in cash by its shareholders;
- Inaugural 10-year, €500.0 million bullet bond with a coupon of 0.875% issued on November 4, 2019;
- Three unsecured bank loans for a total of €300.0 million maturing in May 2026, June 2026 and June 2027;

- Unsecured bank loan prepaid for €150.0 million;

- Maturity of the cash advance agreement for €200.0 million signed in April 2028 with Icade SA extended to June 2021.

<u>Financial year 2018:</u>

- €160.0 million capital increase on June 28, 2018, fully but unevenly subscribed in cash by its shareholders;

- Two unsecured loans taken out in July 2018 maturing in June 2025 and July 2026 from a banking pool for a total of €200.0 million;

- Cash advance agreement signed with Icade SA in April 2018 for a maximum amount of €200.0 million and a period ending on March 31, 2020.

<u>Financial year 2017:</u>

- €100.0 million capital increase on December 22, 2017, which was fully subscribed in cash by its shareholders in proportion to their respective holdings;

- Two unsecured loans taken out in July 2017 maturing in July 2024 from a banking pool for a total of €150.0 million.

See note 6 “Finance and financial instruments” for further information about the Group’s funding sources for the periods presented.

2.3. Dividend distribution

Dividends distributed by the Company to its shareholders amounted to €153.1 million in 2019 (€132.0 million and €105.0 million in 2018 and 2017, respectively), i.e. €4.34 per share in 2019 (€3.88 and €3.22 per share in 2018 and 2017, respectively).

For further information about the dividends paid out by the Group in the financial year 2019, see note 7 “Equity and earnings per share”.

Note 3. Scope of consolidation

ACCOUNTING PRINCIPLES

Consolidation principles

The consolidated financial statements include the financial statements of fully consolidated companies. The Group does not hold any interests in joint ventures or associates, or any other entities in which it does not have direct, indirect or joint control, or significant influence over their financial and operating policies. The consolidation method is determined in accordance with the degree of control by the Group.

♦ <u>Subsidiaries</u>

A subsidiary is an entity that is directly or indirectly controlled by the Group. Control exists when the Group:

- Has power over the entity in terms of voting rights;
- Has rights to variable returns from its involvement with the entity;
- Has the ability to use its power to affect the amount of these returns.

Potential voting rights as well as the power to govern the financial and operating policies of the entity are also among the factors taken into account by the Group in order to assess control.

Subsidiaries are fully consolidated from the date the Group acquires control over them until the date that such control ceases.

All intragroup transactions and balances between the Group's subsidiaries are eliminated on consolidation.

Non-controlling interests represent the share of interest which is not directly or indirectly attributable to the Group. These are presented in equity as "Non-controlling interests" and in the income statement as "Net profit/(loss) attributable to non-controlling interests".

For the financial years presented, Icade Santé had full control over all its subsidiaries.

Business combinations

To determine whether a transaction is a business combination under the revised IFRS 3, the Group analyses whether a business has been acquired and not just property. The criteria used may include the number of property assets held, the scope of the operations acquired or the degree of autonomy of the target.

The consideration transferred must include any contingent consideration, which must be measured at fair value.

According to the acquisition method, the acquirer must, at the acquisition date, recognise the identifiable assets, liabilities and contingent liabilities of the acquiree at fair value at that date.

Goodwill is measured as the difference between, on the one hand, the fair value of the consideration transferred and, on the other hand, the net of the acquisition-date amounts of the identifiable assets and liabilities assumed measured at fair value. If positive, goodwill is accounted for on the asset side of the balance sheet. If negative, goodwill may be referred to as "negative goodwill" or "badwill" or "bargain purchase gain" (arising as a result of a bargain purchase) and is recognised immediately in the income statement under the heading "Profit/(loss) from acquisitions".

Costs of business acquisitions are recorded as expenses in "Profit/(loss) from acquisitions" in the consolidated income statement.

Additions to the scope of consolidation carried out during the financial years presented have been recognised in accordance with the revised IFRS 3. For each acquisition made, the Group measured the identifiable assets acquired and liabilities assumed at the acquisition date. Based on this measurement, the acquisition of these companies did not result in the recognition of any goodwill. It resulted in the recognition of negative goodwill for €2 million as detailed below:

(in millions of euros)	2019	2018	2017
Acquisition price of subsidiaries	226.8	82.5	29.2
Net assets acquired	228.8	82.5	29.3
Negative goodwill	(2.0)	-	(0.1)

The companies acquired during the financial years presented are fully consolidated into the Group's consolidated financial statements from the acquisition date.

The impact of these acquisitions on the main line items of the consolidated statement of financial position is shown in the corresponding notes. For the financial years in which they were acquired, the contribution of the companies to the Group's gross rental income and net profit/(loss) for the periods from their acquisition date to December 31 and on a full-year basis was not significant.

The companies included in the scope of consolidation are listed in note 11.5.

3.1. Main transactions completed during the financial year 2019

Acquisition of SCI Club Santé CBI

In line with its strategy to diversify, the Group completed the acquisition of a portfolio of 12 facilities (7 nursing homes and 5 other healthcare facilities) from a property development fund managed by Swiss Life, an asset management company, on July 31, 2019. In this context, the Company acquired all the shares in SCI Club Santé CBI for a total of €15.9 million.

The measurement of the assets acquired and liabilities assumed from SCI Club Santé CBI in accordance with the revised IFRS 3 resulted in particular in the recognition of investment property for €43.7 million, financial liabilities for €27.9 million, other assets net of other liabilities for €0.7 million and negative goodwill for €0.6 million in the Group's consolidated financial statements.

Acquisition of the Confluent group

In line with its strategy to expand its business, the Group acquired all the shares in SA NCN Associés for a total of €210.8 million on November 15, 2019. SA NCN Associés is a holding company which owns all the shares in SCI Société du Confluent which, in turn, owns the Confluent private hospital property in Nantes.

The measurement of the assets acquired and liabilities assumed in accordance with the revised IFRS 3 resulted in particular in the recognition of investment property for €194.0 million, financial liabilities for €44.0 million, other assets net of other liabilities for €62.2 million and negative goodwill for €1.4 million in the Group's consolidated financial statements.

3.2. Main transactions completed during the financial year 2018

As part of its diversification strategy, the Group made its first investment in the nursing home sector on July 4, 2018 through the acquisition of all of SAS Patrimoine et Santé shares for a total of €82.5 million from the Residalya network, a subsidiary of the Ackermans & Van Haaren group. The holding company SAS Patrimoine et Santé owns all the shares of 14 SCIs (*sociétés civiles immobilières*, i.e. non-trading property investment companies) and SNCs (*sociétés en nom collectif*, i.e. general partnerships), each owning a different nursing home property. These 14 facilities were valued at the acquisition date at €189.7 million.

The measurement of the assets acquired and liabilities assumed in accordance with the revised IFRS 3 resulted in particular in the recognition of investment property for €189.7 million, financial liabilities for €86.5 million and other liabilities net of other assets for €18.3 million, in the Group's consolidated financial statements.

3.3. Main transactions completed during the financial year 2017

Acquisition of SAS Carrère

In line with its strategy to expand its business in the disability care home sector (*maisons d'accueil spécialisées*, MAS), on April 13, 2017 the Group acquired all the shares of SAS Carrère for a total of €15.5 million. SAS Carrère owns all the shares of SCI Saint-Germoise, which, in turn, owns the Hélios disability care home property.

The measurement of the assets acquired and liabilities assumed in accordance with the revised IFRS 3 resulted in particular in the recognition of investment property for €9.7 million and other assets net of other liabilities for €5.9 million in the Group's consolidated financial statements. This bargain purchase resulted in the recognition of a non-recurring gain net of acquisition costs that was not significant (less than €0.1 million) in the Group's consolidated income statement in 2017.

Acquisition of SAS Foncière MSR

In line with its strategy to expand its business in the private healthcare property sector, on September 22, 2017 the Group acquired all the shares of SAS Foncière MSR for a total of €13.7 million. The holding company SAS Foncière MSR owns the Saint-Roch polyclinic property.

The measurement of the assets acquired and liabilities assumed in accordance with IFRS 3 resulted in particular in the recognition of investment property for €76.5 million, financial liabilities for €58.7 million and other liabilities net of other assets for €4.2 million in the Group's consolidated financial statements.

Note 4. Segment reporting

Segment reporting

ACCOUNTING PRINCIPLES

In accordance with IFRS 8 – Operating segments, segment information must be structured according to the operating segments for which results are regularly reviewed by the chief operating decision maker in order to assess their performance and make decisions about resources to be allocated to such segments. Segment information must be consistent with internal reporting to the chief operating decision maker.

The Group's activities consist in assisting healthcare and senior services providers with the ownership and development of healthcare properties across France. These properties include short- and medium-term care facilities (private hospitals, rehabilitation centres) as well as long-term facilities (nursing homes).

During the financial years covered by these consolidated financial statements, the Group measured the performance of its operations taken as a whole.

As a result, it only reports on one operating segment.

Note 5. Property portfolio and fair value

5.1. Property portfolio

ACCOUNTING PRINCIPLES

IAS 40 – Investment property defines investment property as property held by the owner to earn rentals or for capital appreciation or both. This category of property cannot be held for use in the production or supply of goods or services or for administrative purposes. Furthermore, the existence of building rights, leasehold rights or building leases also falls within the definition of investment property.

Property that is being developed for future use as investment property is classified as investment property.

In accordance with the option offered by IAS 40, investment property is carried at cost less accumulated depreciation and less any accumulated impairment losses (see note 5.3.2).

Investment property excluding right-of-use assets relating to building leases

The cost of investment property consists of:

- The purchase price stated in the deed of acquisition or the construction costs, including non-refundable taxes, after deducting any trade discounts, rebates or cash discounts;
- The cost of restoration work;
- All directly attributable costs incurred in order to put the investment property in a condition to be leased in accordance with the use intended by management. Thus, transfer duties, fees, commissions and fixed legal expenses related to the acquisition, and commissions related to leasing are included in the cost;
- Costs of bringing the property into compliance with safety and environmental regulations;
- Capitalised borrowing costs.

Any government investment grants received are deducted from the value of the corresponding assets. These grants are therefore recognised as income over the useful life of the asset depreciable by way of a reduced depreciation charge.

The gross value of an investment property is split into separate components which each have their own useful lives.

Investment property is depreciated using the straight-line method over periods which correspond to their expected useful life. Land is not depreciated. The depreciation periods used by the Group (in years) are as follows:

Components	**Healthcare facilities**
Roads, networks, distribution	80
Structural works	80
External structures	20-40
General and technical equipment	20-35
Internal fittings	10-20
Specific equipment	20-35

Useful lives are revised at each reporting date, particularly in respect of investment property which is the subject of a restoration decision.

The methods and assumptions used to value the property portfolio are described in note 5.2.

The fair values shown in note 5.3 are appraised values excluding duties, except for those assets acquired at the end of the year whose fair value is defined in note 5.2.1.

Borrowing costs

Borrowing costs directly attributable to the construction or production of an asset are included in the cost of that asset until work is completed.

The borrowed funds are used to build several assets. The borrowing costs that are eligible for capitalisation are determined by applying a capitalisation rate to the construction costs. This capitalisation rate is equal to the weighted average of current borrowing costs for the financial year other than those of borrowings taken out for the purpose of building specific assets. The capitalised amount may not exceed the amount of costs actually borne.

Right-of-use assets relating to building leases

Effective from January 1, 2019:

- In the consolidated statement of financial position, "Investment property" includes right-of-use assets relating to building leases;
- In the consolidated income statement, "Depreciation charges net of government investment grants" includes depreciation charges on these assets.

Right-of-use assets relating to building leases are measured initially at cost, which includes the following amounts:

- Lease liabilities measured as described in note 8.3;
- Prepaid lease payments.

These assets are depreciated on a straight-line basis over the course of the reasonably certain lease term.

Right-of-use assets relating to building leases may be remeasured over the reasonably certain lease term in any of the following circumstances:

- Lease modification;
- An increase or decrease in the assessment of the lease term;
- An increase or decrease in the assessment of lease payments linked to an index or a rate;

- Impairment losses.

<u>Reasonably certain lease term</u>

For each lease falling within the scope of IFRS 16, the lease term is assessed by management in accordance with the procedures provided for under the standard.

The lease term used for each lease is the reasonably certain lease term. The latter is the non-cancellable period of a lease adjusted for the following items:

- Any option to early terminate the lease if the Group is reasonably certain not to exercise that option;
- Any option to extend the lease if the Group is reasonably certain to exercise that option.

Impairment test for investment property

In accordance with IAS 36, investment property is tested for impairment if there is an indication of impairment. The procedures for carrying out impairment tests are described below:

Indications of impairment include:

- An event causing a significant decline in the asset's market value;
- A change in the market environment (technological, economic or legal).

The test is performed for each individual asset or each group of assets based on the net carrying amount recorded in "Investment property" less, as the case may be, the lease liability relating to building leases. If this individual net carrying amount becomes higher than its recoverable amount, the difference between those two amounts is recognised as an impairment loss. The recoverable amount is defined as the market value excluding duties, determined by independent property valuers (see note 5.2).

Recognising an impairment loss entails a review of the depreciable amount and, as the case may be, of the depreciation schedule for the investment property concerned.

If there is an indication that an impairment loss no longer exists and the recoverable amount again becomes higher than the net carrying amount, impairment losses recognised in previous financial years are reversed. This reversal is limited to the impairment amount initially recognised less any additional depreciation that may have been recorded if the depreciable amount and depreciation schedule have been reviewed.

Although carried out by independent property valuers, valuing a property asset is a complex estimation exercise, which is also subject from one half-year to the next to the changing economic climate and the volatility of some of the market parameters used, particularly yields and discount rates.

Therefore, in order to take into account the inherent difficulties of valuing a property asset and to avoid recognising an impairment loss that might need to be fully or partially reversed in the next financial statements, the Group only recognises an impairment loss if the unrealised capital loss on the property assets is more than 5% of the net carrying amount before impairment. If this threshold is exceeded, the impairment loss recognised is the total amount of the unrealised capital loss.

This impairment loss is adjusted upwards or downwards at each reporting date to reflect changes in the value of the property asset or group of assets and its net carrying amount, remembering that if the impairment loss is less than 5% of the net carrying amount before impairment, the previously recognised impairment loss is reversed.

For properties acquired less than three months before the reporting date and recognised in the financial statements at their acquisition price including transfer taxes, the unrealised capital loss corresponding to transfer taxes and other acquisition costs is not recognised as an impairment loss.

The Group's property portfolio consists of investment property. It is valued as described in paragraph 5.2 and its fair value is presented in note 5.3. Investments made in 2019 added up to €467.1 million, bringing the net value of the Group's property portfolio to €3,485.1 million:

(in millions of euros)	01/01/2019 (a)	Acquisitions and construction work (b)	Disposals	Depreciation charges	Net change in impairment losses	Impact of changes in scope of consolidation	Other changes (c)	12/31/2019
Net value of investment property	3,157.9	229.4	(20.6)	(113.9)	(3.8)	237.7	0.3	3,487.0
Liabilities relating to investment property (d)	(1.9)	(0.0)	-	-	-	-	0.1	(1.9)
TOTAL PROPERTY PORTFOLIO	**3,155.9**	**229.4**	**(20.6)**	**(113.9)**	**(3.8)**	**237.7**	**0.4**	**3,485.1**

(a) The initial application of IFRS 16 resulted in the recognition of right-of-use assets relating to building leases of €1.9 million and a lease liability of the same amount (see notes 1.2.1. Mandatory standards, amendments and interpretations adopted by the European Union which became effective on January 1, 2019 and 8.3. Lease liabilities).

(b) Including capitalised finance costs for €0.9 million.

(c) Other changes related to repayments of lease liabilities.

(d) Liabilities relating to investment property are lease liabilities relating to building leases.

Investments (acquisitions, construction work and impact of changes in scope of consolidation) amounted to €467.1 million during the period and primarily included the following:

- ♦ Continued strategy to diversify the business with the acquisition of 9 nursing homes for a total of €99.2 million;
- ♦ Acquisition of the Confluent private hospital, 4 post-acute care facilities and a psychiatric facility for a total of €301.5 million;
- ♦ Projects in the development pipeline for €37.0 million including healthcare facility projects in Narbonne, Saint-Herblain, Saintes, Caen and Puilboreau;
- ♦ Other capital expenditures for €29.2 million.

Disposals related to two facilities located in Ploemeur and Vitry-sur-Seine.

As of December 31, 2018, the net carrying amount of the property portfolio stood at €3,155.9 million. It consisted exclusively of investment property including €515.6 million held under finance leases.

(in millions of euros)	12/31/2017	Acquisitions and construction work (a)	Disposals	Depreciation charges	Net reversals of impairment charges	Impact of changes in scope of consolidation	Other changes	12/31/2018
Gross value	3,452.7	121.7	(2.3)	-	-	189.7	-	3,761.8
Depreciation	(490.0)	-	0.2	(107.8)	-	-	-	(597.5)
Impairment losses	(1.2)	-	0.5	-	(7.7)	-	-	(8.3)
NET VALUE OF INVESTMENT PROPERTY (b)	**2,961.4**	**121.7**	**(1.5)**	**(107.8)**	**(7.7)**	**189.7**	**-**	**3,155.9**

(a) Including capitalised finance costs for €1.4 million.

(b) Includes investment property under finance leases for a net carrying amount of €456.3 million as of 12/31/2017 and €515.6 million as of 12/31/2018.

In 2018, **investments** totalled €311.4 million, including primarily:

- ♦ The acquisition of the Patrimoine et Santé group owning 14 nursing home properties for €189.7 million;
- ♦ The acquisition of the Montévrain facility for €17.7 million;

♦ Projects under development for €47.9 million including €24.1 million for healthcare facilities completed during the financial year;

♦ Other works and investments in operating assets for €52.0 million.

As of December 31, 2017, the net carrying amount of the property portfolio stood at €2,961.4 million. It consisted exclusively of investment property including €456.3 million held under finance leases.

(in millions of euros)	12/31/2016	Acquisitions and construction work (a)	Disposals	Depreciation charges	Net reversals of impairment charges	Impact of changes in scope of consolidation	Other changes	12/31/2017
Gross value	3,111.4	268.4	(13.5)	-	-	86.3	-	3,452.7
Depreciation	(396.0)	-	3.5	(97.5)	-	-	-	(490.0)
Impairment losses	(3.0)	-	2.6	-	(0.8)	-	-	(1.2)
NET VALUE OF INVESTMENT PROPERTY (b)	**2,712.4**	**268.4**	**(7.4)**	**(97.5)**	**(0.8)**	**86.3**	**-**	**2,961.4**

(a) Including capitalised finance costs for €1.6 million.

(b) Includes investment property under finance leases for a net carrying amount of €395.8 million as of 12/31/2016 and €456.3 million as of 12/31/2017.

In 2017, **investments** totalled €354.7 million, including primarily:

♦ Operating asset acquisitions for €229.4 million including three healthcare facilities and the company SAS FONCIÈRE MSR for €207.4 million;

♦ Projects under development for €120.4 million including €79.0 million for three new facilities and €41.3 million for extension works to facilities currently in operation;

♦ Other investments in operating assets for €4.9 million.

<u>Breakdown of the net value of investment property</u>

In the consolidated financial statements, investment property consists of owned property and property held under finance leases and, for periods beginning on or after January 1, 2019 in accordance with IFRS 16, right-of-use assets relating to building leases.

The carrying amount of investment property is broken down as follows based on how it is held:

(in millions of euros)	01/01/2019	Acquisitions and construction work	Disposals	Depreciation charges	Net reversals of impairment charges	Impact of changes in scope of consolidation	Options exercised	12/31/2019
Gross value	3,145.1	219.3	(34.2)	-	-	208.1	120.8	3,659.1
Depreciation	(496.4)	-	6.3	(95.4)	-	-	(41.0)	(626.5)
Impairment losses	(8.3)	-	7.3	-	(3.8)	-	-	(4.8)
Net value of owned investment property	**2,640.4**	**219.3**	**(20.6)**	**(95.4)**	**(3.8)**	**208.1**	**79.8**	**3,027.8**
Gross value	616.7	10.1	-	-	-	29.6	(120.5)	535.9
Depreciation	(101.1)	-	-	(18.4)	-	-	41.0	(78.6)
Net value of investment property held under a finance lease (a)	**515.6**	**10.1**	**-**	**(18.4)**	**-**	**29.6**	**(79.5)**	**457.3**
Gross value	2.0	-	-		-	-	-	2.0
Depreciation	-	-	-	(0.0)	-	-	-	(0.0)
Net value of right-of-use assets relating to building leases (b)	**2.0**	**-**	**-**	**(0.0)**	**-**	**-**	**-**	**1.9**

TOTAL INVESTMENT PROPERTY	**3,157.9**	**229.4**	**(20.6)**	**(113.9)**	**(3.8)**	**237.7**	**0.3**	**3,487.0**

(a) Prior to the implementation of IFRS 16, these leases were considered finance leases. In accordance with the transitional provisions of IFRS 16, they have been recognised based on their carrying amount as of 01/01/2019.

(b) The initial application of IFRS 16 (see note 1.2.1) resulted in the recognition of a right-of-use asset for building leases relating to investment property of €2.0 million.

5.2. Valuation of the property portfolio: methods and assumptions

5.2.1. Valuation assignments

The Group's property assets are valued twice a year by independent property valuers according to a framework consistent with the SIIC Code of Ethics (*sociétés d'investissement immobilier cotées*, listed real estate investment companies) published in July 2008 by the French Federation of Real Estate Companies (*Fédération des sociétés immobilières et foncières*).

Property valuations were entrusted to Jones Lang LaSalle Expertises and Catella Valuation.

The valuers are selected through competitive bidding. The property valuers consulted are selected from among members of AFREXIM (French Association of Property Valuation Companies) and are appointed for a maximum period of 3 years.

In accordance with the SIIC Code of Ethics, after seven years the Group shall ensure that there is an internal turnover of the teams responsible for the valuation of its assets in the selected property valuation company. The valuer may not be appointed for more than two consecutive terms of four years except where the valuer has met the requirement with regard to the internal turnover of the teams.

Property valuation fees are billed to the Group on the basis of a fixed service fee that takes into account the specificities of the properties (number of units, floor area, number of existing leases, etc.) and that is not based on the value of the assets.

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

- ♦ The Property Valuation Charter (*Charte de l'expertise en évaluation immobilière*), fifth edition, published in March 2017;
- ♦ The Barthès de Ruyter report from the French Securities and Exchange Commission (COB), which is part of the French Financial Markets Authority (AMF), dated February 3, 2000, on the valuation of the property assets of publicly traded companies;
- ♦ On an international level, the European Valuation Standards of TEGoVA (The European Group of Valuers' Associations), 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 required qualifications for the property valuers, a code of conduct and ethics, and the main definitions (values, floor areas, rates and main valuation methods).

During each valuation session and when valuers submit their valuation reports, the Group makes sure that the methods used by the different property valuers to value its assets are consistent.

Valuations are calculated both inclusive and exclusive of duties, the values excluding duties being net of duties and fixed legal expenses calculated by the property valuers.

On-site visits are systematically conducted by the property valuers for all new assets added to the portfolio. Further on-site visits are then organised according to a multi-year schedule or each time that a specific event in the life of the building requires it (occurrence of significant changes in its structure or environment).

All the assets, including the land bank and projects under development, were valued as of December 31, 2019 according to the procedures currently in place within the Group, with the exception of:

- Properties subject to a preliminary sale agreement as of the end of the reporting period or those for which an offer has been received and that are valued based on the price indicated in the agreement excluding duties;

- Properties acquired less than three months before the end of the annual reporting period, which are valued at their acquisition price excluding duties.

The Group also has in place a process of internal valuation by its asset management teams in order to verify the asset values obtained by the property valuers and to gain a better understanding of the future performance of the portfolio on the basis of the business plans defined. This process is updated on a yearly basis. However, assets whose business plan changes materially are subject to a half-yearly update.

5.2.2. Methods used by the property valuers

The methods used by the property valuers are identical for all the financial years presented.

Private hospitals or other healthcare properties are valued by property valuers based on the mean of the values obtained using the rent capitalisation method (also known as "estimated rental value" method) and the discounted cash flow method.

The market value of a healthcare facility is essentially dependent on its operation and its ability to generate sufficient income to provide a reasonable return on the property investment. These buildings fall under the category of single-use buildings and their value determined by the property valuer is totally related to their operation and consequently to the value of the underlying business. Also, since these premises are unsuitable for any other use without substantial conversion works, they are not subject to rent ceilings upon lease renewals or rent reviews or to the traditional rules for determining the estimated rental value.

The estimated rental value used by the property valuers thus takes into account a share of the average revenue or average EBITDA that the facility has generated during the last years of operation, with or without adjustment for category, administrative environment, quality of operating structure (price positioning, hospital fee agreement with the French Social Security, income statement, etc.) and competitive position. Alternatively, the healthcare property can be valued by capitalisation of the gross rental income reported by the Group.

5.2.3. Main valuation assumptions for investment property

Financial year 2019:

Asset types	Methods generally used	Rates for discounting cash flows (DCF)	Exit yields (DCF)	Market yields (income capitalisation)
Paris region	Capitalisation and DCF	5.1% - 6.5%	4.9% - 6.5%	4.5% - 6.0%
Outside the Paris region	Capitalisation and DCF	4.9% - 8.6%	4.6% - 8.5%	4.2% - 8.1%

Financial year 2018:

Asset types	Methods generally used	Rates for discounting cash flows (DCF)	Exit yields (DCF)	Market yields (income capitalisation)
Paris region	Capitalisation and DCF	5.3% - 8.0%	4.9% - 7.7%	4.5% - 7.4%

Outside the Paris region	Capitalisation and DCF	5.1% - 8.1%	4.7% - 8.5%	4.4% - 8.0%

Financial year 2017:

Asset types	**Methods generally used**	**Rates for discounting cash flows (DCF)**	**Exit yields (DCF)**	**Market yields (income capitalisation)**
Paris region	Capitalisation and DCF	5.3%-7.0%	5.0%-6.8%	4.7%-6.5%
Outside the Paris region	Capitalisation and DCF	5.7%-8.1%	5.2%-7.8%	4.9%-7.2%

5.3. Fair value of the property portfolio

5.3.1. Unrealised capital gains on the property portfolio

Unrealised capital gains amounted to €1,497.2 million as of December 31, 2019, €1,328.5 million as of December 31, 2018 and €1,074.2 million as of December 31, 2017, i.e. a year-on-year increase of €168.7 million for 2019 and €254.2 million for 2018.

(in millions of euros)	12/31/2019	12/31/2018	12/31/2017	Chg. Dec. 2019 - Dec. 2018	Chg. Dec. 2018 - Dec. 2017
Fair value	4,982.3	4,484.4	4,035.7	497.9	448.7
Net carrying amount	3,485.1	3,155.9	2,961.4	329.2	194.5
Unrealised capital gains	**1,497.2**	**1,328.5**	**1,074.2**	**168.7**	**254.2**

5.3.2. Impact of impairment losses on the income statement

The impact of impairment losses on the income statement is shown under the heading "Charges and reversals related to impairment of tangible, financial and other current assets" of the consolidated income statement.

In 2019, a €3.8 million impairment loss was recorded.

In 2018, net impairment losses of €7.7 million resulted from an impairment loss of €8.3 million and a reversal of €0.7 million.

In 2017, a €0.8 million impairment loss was recorded.

5.3.3. Sensitivity of the net carrying amounts of appraised assets to potential changes in fair value

The sensitivity of the net carrying amounts of appraised assets to potential changes in fair value ranging from -5.00% to +5.00% is shown in the table below:

Impact on net carrying amounts	**Changes in fair value of investment property**			
(in millions of euros)	**(5.00)%**	**(2.50)%**	**+ 2.50%**	**+ 5.00%**
Total as of 12/31/2017	(11.1)	(7.7)	0.7	0.7
Total as of 12/31/2018	(14.6)	(8.5)	0.4	0.7
Total as of 12/31/2019	**(19.0)**	**(13.4)**	**1.8**	**1.8**

Note 6. Finance and financial instruments

6.1. Financial structure and contribution to profit/(loss)

6.1.1. Change in net financial liabilities

ACCOUNTING PRINCIPLES

Financial liabilities

Borrowings and other interest-bearing financial liabilities are valued, after their initial recognition, according to the amortised cost method using the effective interest rate of the borrowings. Issue costs and premiums affect the opening value and are spread over the life of the borrowings using the effective interest rate.

For financial liabilities resulting from the recognition of finance leases, the financial liability recognised as the corresponding entry of the asset is initially carried at the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

Hedging instruments

The Group uses financial derivatives to hedge its exposure to market risk stemming from interest rate fluctuations. Derivatives are used as part of a policy implemented by the Group on interest rate risk management. The financial risk management strategies and methods used to determine the fair value of financial derivatives are set out in notes 6.2.2 and 6.3.

Financial derivatives are recorded at fair value in the consolidated statement of financial position.

The Group uses derivatives to hedge its fixed or variable rate debt against interest rate risk (cash flow hedging) and applies hedge accounting where documentation requirements are met. In this case, changes in fair value of the financial derivative are recognised net of tax in "Other items" in the consolidated statement of comprehensive income until the hedged transaction occurs in respect of the effective portion of the hedge. The ineffective portion is recognised immediately in the income statement for the period. Gains and losses accumulated in equity are reclassified to the income statement under the same heading as the hedged item for the same periods as those during which the hedged cash flow has an impact on the income statement.

Where financial derivatives do not qualify for hedge accounting under the standard, they are classified under the category of trading instruments and any changes in their fair value are recognised directly in the income statement for the period.

The fair value of derivatives is measured using commonly accepted models (discounted cash flow method, Black and Scholes model, etc.) and based on market data.

Breakdown of net financial liabilities at end of period

Net financial liabilities as of December 31, 2019, 2018 and 2017 broke down as follows:

(in millions of euros)		12/31/2019	12/31/2018	12/31/2017
Medium- and long-term financial liabilities (a)		1,993.3	1,427.4	1,188.0
Short-term financial liabilities (a)		94.0	52.2	119.5
GROSS FINANCIAL LIABILITIES	**6.1.2**	**2,087.3**	**1,479.6**	**1,307.4**
Interest rate derivatives (assets and liabilities)	6.1.3	27.7	15.7	11.3
GROSS FINANCIAL LIABILITIES INCLUDING DERIVATIVES		**2,115.0**	**1,495.3**	**1,318.7**
Financial assets		(0.0)	(0.0)	(0.0)
Cash and cash equivalents	6.1.6	(427.9)	(75.9)	(4.1)
NET FINANCIAL LIABILITIES		**1,687.1**	**1,419.3**	**1,314.6**

(a) Including €561.0 million to Icade SA as of December 31, 2019 (€51.0 million short term and €510.0 million medium and long term), €571.1 million to Icade SA as of December 31, 2018 (€13.7 million short term and €557.4 million medium and long term), €612.5 million to Icade SA as of December 31, 2017 (€31.9 million short term and €580.6 million medium and long term).

The change in gross debt (excluding derivatives) mainly resulted from:

♦ December 31, 2018 compared to December 31, 2019

- Inaugural 10-year, €500.0 million bullet bond with a coupon of 0.875% issued by the Company on November 4, 2019;

- Three new unsecured bank loans taken out for a total of €300.0 million maturing in May 2026, June 2026 and June 2027 and a finance lease entered into for €4.5 million for a term of 12 years from its start date.

- The normal amortisation of loans from credit institutions for €8.9 million and finance leases for €9.9 million;

- Early termination of finance leases for €5.6 million.

♦ December 31, 2018 compared to December 31, 2017

- Loans taken out from Icade SA for €50.0 million;

- Two new unsecured bank loans taken out totalling €200.0 million and a finance lease entered into for €28.6 million;

- A €82.9 million increase in loans from credit institutions and finance leases due to the addition of 14 nursing home properties to the scope of consolidation;

- Loan repayments to Icade SA for €83.9 million;

- The normal amortisation of loans from credit institutions for €65.7 million (including the repayment of a maturing unsecured loan for €50.0 million) and finance leases for €20.9 million;

- Early repayment of loans from credit institutions for €7.1 million and finance leases for €5.0 million.

♦ December 31, 2017 compared to December 31, 2016

- New loans taken out for €208.4 million from credit institutions, including €150.0 million in unsecured loans;

- A €45.2 million increase in finance leases due to the acquisition of the Cabestany healthcare facility;

- Loan repayments to Icade SA for €20.2 million;

- The normal amortisation of loans from credit institutions for €10.4 million and finance leases for €21.3 million;

- Early termination of finance leases for €0.7 million.

<u>Statement of changes in net financial liabilities and other financial items</u>

Changes in net financial liabilities and other financial items for the financial years ended December 31, 2019, 2018 and 2017 broke down as follows:

(in millions of euros)	Notes	Net financial liabilities	Other financial liabilities	Lease liabilities (c)	Total
12/31/2016		**1,118.5**	**-**		**1,118.5**
Cash flow statement:					
- Change in cash from financing activities	CFS	143.2	-		**143.2**
- Net change in cash and cash equivalents	CFS	(0.3)	-		**(0.3)**
Changes with no impact on cash:		**53.3**	**-**		**53.3**
- Change in scope of consolidation		58.9	-		**58.9**
- Fair value adjustments through profit or loss (a)	6.1.3	(0.2)	-		**(0.2)**
- Fair value adjustments through reserves (a)	6.1.3	(4.4)	-		**(4.4)**
- Other changes		(1.0)	-		**(1.0)**

12/31/2017		**1,314.6**	**-**		**1,314.6**
Cash flow statement:					
- Change in cash from financing activities	CFS	88.6	-		**88.6**
- Net change in cash and cash equivalents	CFS	(73.2)	-		**(73.2)**
Changes with no impact on cash:		**89.3**	**-**		**89.3**
- Change in scope of consolidation		86.8	-		**86.8**
- Fair value adjustments through profit or loss (a)	6.1.3	(0.2)	-		**(0.2)**
- Fair value adjustments through reserves (a)	6.1.3	4.3	-		**4.3**
- Other changes		(1.6)	-		**(1.6)**
12/31/2018		**1,419.3**	**-**		**1,419.3**
Cash flow statement:					
- Change in cash from financing activities	CFS	542.6	(1.9)	(0.1)	**540.7**
- Net change in cash and cash equivalents	CFS	(351.8)	-	-	**(351.8)**
Changes with no impact on cash:		**76.9**	**1.9**	**2.0**	**80.7**
- Change in scope of consolidation		72.0	1.9	-	**73.9**
- Fair value adjustments through profit or loss (a)	6.1.3	0.0	-	-	**0.0**
- Fair value adjustments through reserves (a)	6.1.3	12.4	-	-	**12.4**
- Other changes (b)		(7.6)	-	2.0	**(5.6)**
12/31/2019		**1,687.1**	**-**	**1.9**	**1,689.0**

(a) Mainly relates to derivative instruments (see note 6.1.3).

(b) Lease liabilities for €1.9 million were recognised at January 1, 2019 in accordance with IFRS 16 (see note 8.3); other changes in financial liabilities related to bank credit balances and the impact of effective interest rates.

(c) Excluding finance leases which are included in the definition of net financial liabilities.

6.1.2. Components of financial liabilities

Gross financial liabilities: type of rate, maturity and fair value

Gross financial liabilities at amortised cost, including issue costs and premiums and the impact of spreading them by applying the effective interest method, stood at €2,087.3 million as of December 31, 2019. They broke down as follows:

(in millions of euros)	Balance sheet value as of 12/31/2019	Current	Non-current					Fair value as of 12/31/2019
		Portion due in < 1 year	Portion due in 1 to 2 years	Portion due in 2 to 3 years	Portion due in 3 to 4 years	Portion due in 4 to 5 years	Portion due in > 5 years	
Bonds, amortised cost	494.9	-	(0.6)	(0.6)	(0.6)	(0.6)	497.1	487.8
Borrowings from credit institutions	11.5	2.9	3.0	3.2	2.4	0.0	-	12.4
Finance lease liabilities	102.4	11.3	15.0	8.4	8.4	8.5	50.7	109.9
Payables associated with equity interests (a)	523.2	13.2	50.0	200.0	-	-	260.0	566.9
Fixed rate debt	**1,131.9**	**27.4**	**67.4**	**211.0**	**10.2**	**8.0**	**807.9**	**1,176.9**
Bonds, amortised cost	0.1	0.1	-	-	-	-	-	-
Borrowings from credit institutions	765.2	14.7	13.6	13.9	14.2	165.2	543.6	776.4
Finance lease liabilities	97.1	9.7	14.7	7.8	9.7	18.0	37.2	97.7
Other borrowings and similar liabilities	53.4	2.6	2.6	2.6	2.6	2.7	40.3	59.1
Payables associated with equity interests (a)	38.9	38.9	-	-	-	-	-	38.9
Bank overdrafts	0.6	0.6	-	-	-	-	-	0.6
Variable rate debt	**955.4**	**66.7**	**30.9**	**24.3**	**26.6**	**185.9**	**621.1**	**972.8**
GROSS FINANCIAL LIABILITIES AS OF 12/31/2019	**2,087.3**	**94.0**	**98.3**	**235.3**	**36.8**	**193.8**	**1,429.0**	**2,149.7**

(a) Including liabilities to ICADE SA: €561.0 million.

(in millions of euros)	Balance sheet value as of 12/31/2018	Current	Non-current					Fair value as of 12/31/2018
		Portion due in < 1 year	Portion due in 1 to 2 years	Portion due in 2 to 3 years	Portion due in 3 to 4 years	Portion due in 4 to 5 years	Portion due in > 5 years	
Borrowings from credit institutions	14.2	2.8	2.9	3.0	3.1	2.4	0.0	15.5
Finance lease liabilities	106.7	10.0	11.1	8.9	8.6	8.6	59.5	109.6
Liabilities to Icade SA	533.6	13.6	10.0	50.0	200.0	-	260.0	568.1
Fixed rate debt	**654.4**	**26.3**	**24.0**	**61.9**	**211.7**	**11.0**	**319.5**	**693.2**
Borrowings from credit institutions	630.7	11.7	161.6	10.8	11.1	11.4	424.0	631.6
Finance lease liabilities	101.6	11.1	10.7	15.7	7.8	9.9	46.5	102.2
Other borrowings and similar liabilities	54.9	2.5	2.4	2.5	2.5	2.6	42.4	56.2
Liabilities to Icade SA	37.5	0.1	37.4	-	-	-	-	38.2
Bank overdrafts	0.4	0.4	-	-	-	-	-	0.4
Variable rate debt	**825.1**	**25.9**	**212.2**	**29.0**	**21.4**	**23.8**	**512.9**	**828.6**
GROSS FINANCIAL LIABILITIES AS OF 12/31/2018	**1,479.6**	**52.2**	**236.1**	**90.9**	**233.1**	**34.8**	**832.5**	**1,521.8**

(in millions of euros)	Balance sheet value as of 12/31/2017	Current	Non-current					Fair value as of 12/31/2017
		Portion due in < 1 year	Portion due in 1 to 2 years	Portion due in 2 to 3 years	Portion due in 3 to 4 years	Portion due in 4 to 5 years	Portion due in > 5 years	
Borrowings from credit institutions	16.8	2.6	2.7	2.9	3.0	3.1	2.4	18.6
Finance lease liabilities	80.6	8.5	7.5	6.8	6.6	6.2	45.0	85.4
Liabilities to Icade SA	567.7	24.5	21.3	21.9	62.6	213.3	224.0	619.1
Fixed rate debt	**665.1**	**35.6**	**31.6**	**31.7**	**72.2**	**222.6**	**271.5**	**723.1**
Borrowings from credit institutions	491.7	60.8	12.4	161.6	10.8	11.1	235.1	506.6
Finance lease liabilities	104.0	13.8	11.3	10.7	14.6	6.6	47.0	105.2

Liabilities to Icade SA	44.8	7.4	-	37.4	-	-	-	45.8
Bank overdrafts	1.8	1.8	-	-	-	-	-	1.8
Variable rate debt	**642.3**	**83.8**	**23.7**	**209.7**	**25.4**	**17.6**	**282.1**	**659.4**
GROSS FINANCIAL LIABILITIES AS OF 12/31/2017	**1,307.4**	**119.5**	**55.3**	**241.4**	**97.6**	**240.2**	**553.5**	**1,382.5**

The average debt maturity was 6.1 years as of December 31, 2019 (5.1 years as of December 31, 2018 and 4.9 years as of December 31, 2017). Thanks to the debt raised in the financial year 2019, the average maturity of the Group's debt was extended by one year.

The average maturity of variable rate debt was 5.8 years as of December 31, 2019, 5.3 years as of December 31, 2018 and 4.7 years as of December 31, 2017; the average maturity of the related hedges was 5.7 years as of December 31, 2019, 5.3 years as of December 31, 2018 and 3.8 years as of December 31, 2017, allowing adequate hedging and anticipating coverage of future financing needs.

Characteristics of the bonds

ISIN code	*Issue date*	*Maturity date*	*Nominal value on the issue date*	*Rate*	*Repayment profile*	*Nominal value as of 12/31/2018*	*Increase*	*Decrease*	*Nominal value as of 12/31/2019*
FR0013457967	11/04/2019	11/04/2029	500.0	Fixed rate 0.875%	Interest only	-	500.0	-	500.0
Bonds						**-**	**500.0**	**-**	**500.0**
Issuance costs						**-**	**-**	**-**	**(5.0)**
TOTAL						**-**	**-**	**-**	**495.0**

6.1.3. Derivative instruments

Presentation of derivatives in the consolidated statement of financial position

Derivative liabilities primarily consisted of interest rate derivatives designated as cash flow hedges for €27.7 million as of December 31, 2019, €15.7 million as of December 31, 2018 and €11.3 million as of December 31, 2017.

The detailed changes in fair value of derivatives were as follows for the three financial years covered by these financial statements:

(in millions of euros)	**Fair value as of 12/31/2018** (1)	**Additions to the scope of consolidation** (2)	**Acquisitions** (3)	**Disposals** (4)	**Changes in fair value recognised in the income statement** (5)	**Changes in fair value recognised in equity** (6)	**Fair value as of 12/31/2019** (7) = (1) to (6) inclusive
Presentation of derivatives in the consolidated statement of financial position:							
Derivative assets	0.0	-	-	-	0.1	0.1	0.2
Derivative liabilities	(15.7)	-	-	0.4	(0.0)	(12.5)	(27.9)
TOTAL	**(15.7)**	**-**	**-**	**0.4**	**0.0**	**(12.4)**	**(27.7)**
Breakdown of derivative instruments by type:							
Interest rate swaps – fixed-rate payer	(15.7)	-	-	0.4	0.0	(12.4)	(27.7)
Cash flow hedges	**(15.7)**			**0.4**	**0.0**	**(12.4)**	**(27.7)**
TOTAL DERIVATIVES	**(15.7)**	**-**	**-**	**0.4**	**0.0**	**(12.4)**	**(27.7)**

(in millions of euros)	Fair value as of 12/31/2017 (1)	Additions to the scope of consolidation (2)	Acquisitions (3)	Disposals (4)	Changes in fair value recognised in the income statement (5)	Changes in fair value recognised in equity (6)	Fair value as of 12/31/2018 (7) = (1) to (6) inclusive
Presentation of derivatives in the consolidated statement of financial position:							
Derivative assets	0.8	-	-	-	0.0	(0.8)	0.0
Derivative liabilities	(12.1)	(0.3)	-	0.1	0.1	(3.5)	(15.7)
TOTAL DERIVATIVES	**(11.3)**	**(0.3)**	**-**	**0.1**	**0.1**	**(4.3)**	**(15.7)**
Breakdown of derivative instruments by type:							
Interest rate swaps – fixed-rate payer	(11.3)	(0.2)	-	-	0.1	(4.3)	(15.7)
Cash flow hedges	**(11.3)**	**(0.2)**			**0.1**	**(4.3)**	**(15.7)**
Interest rate swaps – fixed-rate payer	-	**(0.1)**	-	0.1	0.1	-	-
Non-hedging instruments	**-**	**(0.1)**	**-**	**0.1**	**0.1**	**-**	**-**
TOTAL DERIVATIVES	**(11.3)**	**(0.3)**	**-**	**0.1**	**0.1**	**(4.3)**	**(15.7)**

(in millions of euros)	Fair value as of 12/31/2016 (1)	Additions to the scope of consolidation (2)	Acquisitions (3)	Disposals (4)	Changes in fair value recognised in the income statement (6)	Changes in fair value recognised in equity (7)	Fair value as of 12/31/2017 (7) = (1) to (6) inclusive
Presentation of derivatives in the consolidated statement of financial position:	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Derivative assets	-	-	-	-	-	0.8	0.8
Derivative liabilities	(16.1)	-	-	-	0.3	3.7	(12.1)
TOTAL DERIVATIVES	**(16.1)**	**-**	**-**	**-**	**0.3**	**4.4**	**(11.3)**
Breakdown of derivative instruments by type:							
Interest rate swaps – fixed-rate payer	(16.1)	-	-	-	0.3	4.4	(11.3)
Cash flow hedges	**(16.1)**				**0.3**	**4.4**	**(11.3)**
TOTAL DERIVATIVES	**(16.1)**	**-**	**-**	**-**	**0.3**	**4.4**	**(11.3)**

Changes in hedge reserves

Hedge reserves consisted exclusively of fair value adjustments to financial instruments used by the Group for interest rate hedging purposes (effective portion). Changes in hedge reserves for the periods presented are detailed in the table below:

(in millions of euros)	Period start	Recycling to the income statement	Changes in value	Period end
2017	(10.1)	(1.2)	4.4	**(6.8)**
2018	(6.8)	(1.1)	(4.3)	**(12.2)**
2019	(12.2)	(0.4)	(12.4)	**(24.9)**

Derivatives: analysis of notional amounts by maturity

The derivative portfolio as of the end of the financial year 2019 was as follows:

(in millions of euros)	Total	Average rate	Portion due in < 1 year		Portion due in > 1 year and < 5 years		Portion due in > 5 years	
			Amount	Average rate	Amount	Average rate	Amount	Average rate
Outstanding derivatives – Interest rate swaps – Fixed-rate payer	350.5	0.8%	12.7	2.3%	288.9	0.4%	49.0	2.7%
Forward start derivatives – Interest rate swaps – Fixed-rate payer	19.4	0.9%	-	0.0%	4.1	0.9%	15.3	0.9%
TOTAL INTEREST RATE DERIVATIVES AS OF 12/31/2017	**369.9**		**12.7**		**293.0**		**64.3**	
Outstanding derivatives – Interest rate swaps – Fixed-rate payer	590.1	0.8%	29.6	2.0%	281.8	0.4%	278.8	1.1%
Forward start derivatives – Interest rate swaps – Fixed-rate payer	19.4	0.9%	0.5	0.9%	4.7	0.9%	14.2	0.9%
TOTAL INTEREST RATE DERIVATIVES AS OF 12/31/2018	**609.5**		**30.1**		**286.5**		**293.0**	
Outstanding derivatives – Interest rate swaps – Fixed-rate payer	777.8	0.5%	20.0	1.4%	226.7	0.6%	531.2	0.4%
TOTAL INTEREST RATE DERIVATIVES AS OF 12/31/2019	**777.8**		**20.0**		**226.7**		**531.2**	

These derivatives are used as part of the Group's interest rate hedging policy (see note 6.2.2).

6.1.4. Finance income/(expense)

Finance income/(expense) consists primarily of:

- ♦ Cost of net financial liabilities, primarily including interest expenses on financial liabilities and derivatives;
- ♦ Other finance income and expenses, primarily including restructuring costs for financial liabilities and commitment fees.

The Group recorded a net finance expense of €34.2 million for the financial year 2019 (€40.3 million for the financial year 2018 and €29.2 million for the financial year 2017). It mainly consisted of interest expenses on financial liabilities and derivatives.

(in millions of euros)	2019	2018	2017
Interest expenses on financial liabilities	(12.7)	(10.0)	(8.4)
Interest expenses on derivatives	(6.6)	(5.4)	(3.6)
Recycling to the income statement of interest rate hedging instruments	0.8	1.1	1.2
Expenses on loans and advances from Icade	(13.7)	(15.2)	(17.6)
COST OF NET FINANCIAL LIABILITIES	**(32.3)**	**(29.6)**	**(28.4)**
Change in fair value of derivatives recognised in the income statement	(0.0)	0.2	0.2
Commitment fees	(0.6)	(0.6)	(0.4)
Restructuring costs for financial liabilities (a)	(0.6)	(9.5)	
Finance income/(expense) from lease liabilities (b)	(0.2)	-	-
Other finance income and expenses	(0.6)	(0.8)	(0.6)
Total other finance income and expenses	**(2.0)**	**(10.7)**	**(0.8)**
FINANCE INCOME/(EXPENSE)	**(34.2)**	**(40.3)**	**(29.2)**

(a) Restructuring costs for financial liabilities relate to prepayment penalties for financial liabilities which were paid to Icade SA.

(b) This item relates to the finance expense for the period recognised under IFRS 16.

6.1.5. Financial assets and liabilities

ACCOUNTING PRINCIPLES

Under IFRS 9, financial assets are classified and measured either at amortised cost or fair value. In order to determine how best to classify and measure financial assets, the Group has taken into consideration its business model for managing such assets and analysed the characteristics of their contractual cash flows. The Group's financial assets fall into two categories:

- Financial assets carried at fair value through profit or loss:

These assets relate to investments in unconsolidated companies carried at fair value through profit or loss at the end of the reporting period. Fair value is determined using recognised valuation techniques (reference to recent market transactions, discounted cash flows, net asset value, quoted price if available, etc.).

- Financial assets carried at amortised cost:

They consist primarily of receivables associated with equity investments, loans, deposits and guarantees paid, contract assets and accounts receivable carried at amortised cost at the reporting date.

In accordance with IFRS 9, the Group applies the expected loss model for financial assets that requires, where applicable, expected losses and changes in such losses to be accounted for as soon as the financial asset is recognised at each reporting date to reflect the change in credit risk since initial recognition.

<u>Change in financial assets and liabilities</u>

Financial liabilities related to deposits and guarantees received from tenants for €7.4 million as of December 31, 2019, €6.3 million as of December 31, 2018 and €3.7 million as of December 31, 2017.

Financial assets mainly consisted of deposits and guarantees paid. Changes broke down as follows at the end of the three financial years:

(in millions of euros)	Period start	Acquisitions net of disposals and repayments	Impact of changes in scope of consolidation and capital	Other changes	Period end
2017	1.3	0.0	0.0	0.0	**1.3**
2018	1.3	0.0	0.0	0.0	**1.3**
2019	1.3	(0.1)	0.2	(0.3)	**1.1**

<u>Maturity analysis of financial assets and liabilities</u>

Financial assets consist primarily of deposits and guarantees paid. A maturity analysis at the end of the financial years 2019, 2018 and 2017 is shown in the table below:

(in millions of euros)	12/31/2019	12/31/2018	12/31/2017
Portion due in < 1 year	0.0	-	-
Portion due in > 1 year and < 5 years	1.0	1.3	-
Portion due in > 5 years	0.1	0.0	1.3
FINANCIAL ASSETS AT AMORTISED COST	**1.1**	**1.3**	**1.3**

As of December 31, 2019, financial liabilities had a maturity of more than 5 years.

6.1.6. Cash and cash equivalents

ACCOUNTING PRINCIPLES

Cash includes current bank accounts and demand deposits.

Overdrafts are excluded from cash and cash equivalents and are recognised as current financial liabilities.

(in millions of euros)	12/31/2019	12/31/2018	12/31/2017
Term deposit accounts	5.0	-	-
Cash on hand and demand deposits (including bank interest receivable)	422.9	75.9	4.1
CASH AND CASH EQUIVALENTS	**427.9**	**75.9**	**4.1**

6.2. Management of financial risks

6.2.1. Liquidity risk

The Group's fully available undrawn amounts of short- and medium-term credit lines totalled €200.0 million as of December 31, 2019, €200.0 million as of December 31, 2018, and €192.7 million as of December 31, 2017. This amount does not include the undrawn amounts of credit lines for construction projects that may have been opened for specific needs.

The Group has continued to access liquidity on favourable terms and is still fully able to raise more funds if necessary.

The residual contractual maturities of financial liabilities can be analysed as follows:

	12/31/2019										
	Portion due in < 1 year		Portion due in > 1 year and < 3 years		Portion due in > 3 years and < 5 years		Portion due in > 5 years		Total principal	Total interest	Grand total
(in millions of euros)	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest			
Bonds	-	4.4	-	8.8	-	8.8	500.0	21.9	500.0	43.8	543.8
Borrowings from credit institutions	18.1	5.5	35.2	11.8	183.1	14.2	544.9	13.3	781.3	44.7	826.0
Finance lease liabilities	20.3	3.9	44.4	6.2	44.1	4.8	87.9	8.8	196.7	23.7	220.4
Other borrowings and similar liabilities	2.4	1.1	5.0	2.0	5.2	1.8	39.7	6.1	52.3	11.0	63.3
Payables associated with equity interests (a)	48.5	14.4	250.0	26.1	-	14.7	260.0	7.3	558.5	62.5	620.9
Bank overdrafts	0.6	-	-	-	-	-	-	-	0.6	-	0.6
Lease liabilities	0.0	0.3	0.1	0.6	0.1	7.4	1.8	8.8	1.9	17.0	18.9
Accounts payable and tax liabilities	23.1	-	15.0	-	-	-	-	-	38.1	-	38.1
Financial derivatives		7.0		11.3		6.0		2.9		27.2	27.2
TOTAL	**113.0**	**36.5**	**349.6**	**66.7**	**232.4**	**57.6**	**1,434.2**	**69.0**	**2,129.3**	**229.8**	**2,359.1**

(a) Mainly Icade SA.

(in millions of euros)	12/31/2018										
	Portion due in < 1 year		Portion due in > 1 year and < 3 years		Portion due in > 3 years and < 5 years		Portion due in > 5 years		Total principal	Total interest	Grand total
(in millions of euros)	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**			
Borrowings from credit institutions	15.6	5.7	179.2	11.2	28.9	13.7	424.8	19.2	648.5	49.8	698.3
Finance lease liabilities	20.4	4.2	45.3	7.2	33.9	6.1	105.4	6.9	204.9	24.4	229.3
Other borrowings and similar liabilities	2.3	1.1	4.9	2.1	5.1	1.9	42.2	6.9	54.5	12.1	66.6
Liabilities to Icade SA	10.0	14.6	97.4	28.0	200.0	19.8	260.0	14.6	567.4	77.1	644.5
Bank overdrafts	0.4	-	-	-	-	-	-	-	0.4	-	0.4
Accounts payable and tax liabilities	17.9	-	6.1	-	-	-	-	-	24.0	-	24.0
Financial derivatives		6.0		8.6		3.2		(2.3)		15.5	15.5
TOTAL	**66.6**	**31.6**	**332.9**	**57.2**	**267.8**	**44.7**	**832.4**	**45.4**	**1,499.7**	**178.9**	**1,678.6**

	12/31/2017										
	Portion due in < 1 year		Portion due in > 1 year and < 3 years		Portion due in > 3 years and < 5 years		Portion due in > 5 years		Total principal	Total interest	Grand total
(in millions of euros)	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**			
Borrowings from credit institutions	64.6	4.8	180.6	11.3	28.9	9.3	239.0	16.9	513.1	42.4	555.4
Finance lease liabilities	21.8	3.6	35.5	6.5	33.2	5.6	91.5	7.5	182.0	23.2	205.2
Liabilities to Icade SA	28.0	17.9	80.7	33.4	275.9	27.8	224.0	20.5	608.6	99.6	708.2
Bank overdrafts	1.8	-	-	-	-	-	-	-	1.8	-	1.8
Accounts payable and tax liabilities	18.5	-	6.8	-	-	-	-	-	25.4	-	25.4
Financial derivatives		3.9		4.2		1.0		2.3		11.5	11.5
TOTAL	**134.7**	**30.3**	**303.6**	**55.4**	**338.0**	**43.8**	**554.5**	**47.2**	**1,330.8**	**176.6**	**1,507.5**

Future interest payments on borrowings and financial derivatives are determined based on anticipated market interest rates.

6.2.2. Interest rate risk

Interest rate risk includes, in the event of increased interest rates, the risk of increased finance expenses related to variable rate financial liabilities and, in the event of reduced interest rates, the risk of reduced finance income related to variable rate financial assets.

The Group has decided to focus interest rate risk management on variable rate liabilities, thereby excluding the management of interest rate risk inherent in the assets:

	12/31/2019		12/31/2018		12/31/2017	
(in millions of euros)	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**
Net exposure before hedging (A)	1,131.9	955.4	654.4	825.1	665.1	642.3
Interest rate hedging instruments (B)	-	777.8	-	590.1	-	350.5
NET EXPOSURE AFTER HEDGING (B) - (A)	**(1,131.9)**	**(177.6)**	**(654.4)**	**(235.0)**	**(665.1)**	**(291.8)**

To finance its investments, the Group may use variable rate debt, thus remaining able to prepay loans without penalty.

As of December 31, 2019, the Group's total debt, consisting of 54% fixed rate debt and 46% variable rate debt, was 92% hedged against interest rate risk.

As of December 31, 2018, the Group's total debt, consisting of 44% fixed rate debt and 56% variable rate debt, was 84% hedged against interest rate risk.

As of December 31, 2017, the Group's total debt, consisting of 51% fixed rate debt and 49% variable rate debt, was 78% hedged against interest rate risk.

As of December 31, 2019, the average maturity of variable rate debt was 5.8 years and that of the associated hedges was 5.7 years.

As of December 31, 2018, the average maturity was 5.3 years for variable rate debt and 5.3 years for the related hedges, allowing adequate hedging and anticipating coverage of future financing needs.

As of December 31, 2017, the average maturity was 4.7 years for variable rate debt and 3.8 years for the related hedges, allowing adequate hedging and anticipating coverage of future financing needs.

The Group has continued its prudent debt management policy, maintaining limited exposure to interest rate risk while taking advantage of low interest rates, by entering into appropriate hedging contracts. In particular, fixed rate swaps for a notional amount of nearly €300.0 million were taken out to lock in today's historically low interest rates in the medium term.

Finally, the Group favours classifying its hedging instruments as "cash flow hedges" according to IFRS 9; therefore, any changes in fair value of such instruments are recognised in equity (for the effective portion) rather than in the income statement.

Due to the Group's hedging structure and the trend in interest rates in the last few financial years, changes in fair value of hedging instruments had a negative impact of €12.4 million on other comprehensive income as of December 31, 2019, a negative impact of €4.3 million as of December 31, 2018 and a positive impact of €4.4 million as of December 31, 2017.

The accounting impact of a -1% or +1% change in interest rates on the value of derivatives is described below:

	12/31/2019		12/31/2018		12/31/2017	
(in millions of euros)	**Impact on equity before tax**	**Impact on the income statement before tax**	**Impact on equity before tax**	**Impact on the income statement before tax**	**Impact on equity before tax**	**Impact on the income statement before tax**
Impact of a +1% change in interest rates	41.3	0.2	28.7	0.3	7.8	0.4

Impact of a -1% change in interest rates	(44.6)	(0.2)	(31.1)	(0.3)	(8.4)	(0.4)

6.2.3. Currency risk

Since the Group does not enter into any foreign currency transactions, it is not exposed to currency risk.

6.2.4. Credit risk

In the course of its business, the Group is exposed to two major types of counterparties: financial institutions and its tenants.

Regarding financial institutions, credit and/or counterparty risk relates to cash and cash equivalents, and to the banks where they are deposited. The investments chosen have maturities of less than one year with a very low risk profile. They are monitored daily and a regular review of authorised investments complements the control process. Additionally, in order to limit its counterparty risk, the Group only deals in interest rate derivatives with banking institutions which help fund its expansion. Furthermore, the Group only enters into financial transactions with major banking institutions and applies a principle of risk dispersion, avoiding concentration of exposure to any single counterparty.

Regarding its tenants, the Group believes that it is not exposed to significant credit risk thanks to its diversified tenant portfolio in terms of location and individual size of lease commitments. In addition, the Group has introduced procedures to verify the creditworthiness of tenants prior to signing leases. Lastly, the tenants' parent companies guarantee payment of any amount owed by them. These procedures are subject to regular monitoring.

The Group's exposure to credit risk corresponds primarily to the net carrying amount of receivables less deposits received from tenants. Since the deposits received were greater than the carrying amount of receivables, the Group's exposure was nil as of December 31, 2019, 2018 and 2017.

6.2.5. Covenants and financial ratios

In addition, the Group is required to comply with the financial covenants listed below, which are covered by the Group's financial risk monitoring and management processes.

		Covenants	12/31/2019	12/31/2018	12/31/2017
LTV bank covenant	Maximum	< 52%	33.9%	31.7%	32.6%
ICR	Minimum	> 2	7.7x	7.5x	7.1x
Value of the property portfolio	Minimum	> €2bn	€5.0bn	€4.5bn	€4.0bn
Security interests in assets	Maximum	< 30% of portfolio value	7.6%	9.0%	8.4%

Loans taken out by the Group may be subject to covenants based on financial ratios (loan-to-value (LTV) ratio and interest coverage ratio (ICR)). All covenants were met as of December 31, 2019.

LTV bank covenant

The LTV (loan-to-value) bank covenant, which is the ratio of net financial liabilities to the latest valuation of the property portfolio excluding duties, stood at 33.9% as of December 31, 2019, 31.7% as of December 31, 2018 and 32.6% as of December 31, 2017.

Interest coverage ratio (ICR) bank covenant

The interest coverage ratio, which is the ratio of EBITDA to the interest expense for the period, was 7.7x for the financial year 2019 (7.5x in 2018 and 7.1x in 2017). The ratio remains at a high level, demonstrating the Company's ability to comfortably comply with its bank covenants.

6.3. Fair value of financial assets and liabilities

6.3.1. Reconciliation of the net carrying amount and fair value of financial assets and liabilities

Below is the reconciliation of the net carrying amount and fair value of financial assets and liabilities as of the end of the financial years presented:

(in millions of euros)	Carrying amount as of 12/31/2019	Amortised cost	Fair value through equity	Fair value through profit or loss	Fair value as of 12/31/2019
ASSETS					
Financial assets	1.1	1.1	-	0.0	1.1
Derivative instruments	0.2	-	0.2	-	0.2
Accounts receivable	9.7	9.7	-	-	9.7
Other operating receivables (a)	2.0	2.0	-	-	2.0
Cash equivalents	5.0	-	-	5.0	5.0
TOTAL FINANCIAL ASSETS	**17.9**	**12.7**	**0.2**	**5.0**	**17.9**
LIABILITIES					
Financial liabilities	2,087.3	2,087.3	-	-	2,149.7
Lease liabilities	1.9	1.9	-	-	1.9
Other financial liabilities	7.4	7.4	-	-	7.4
Derivative instruments	27.9	-	27.9	-	27.9
Accounts payable	7.4	7.4	-	-	7.4
Other operating payables (a)	27.9	27.9	-	-	27.9
TOTAL FINANCIAL LIABILITIES	**2,159.8**	**2,131.9**	**27.9**	**-**	**2,222.2**

(a) Excluding prepaid expenses and income, and excluding social security and tax receivables and payables.

(in millions of euros)	Carrying amount as of 12/31/2018	Amortised cost	Fair value through equity	Fair value through profit or loss	Fair value as of 12/31/2018
ASSETS					
Financial assets	1.4	1.3	-	0.0	1.4
Derivatives	0.0	-	0.0	-	0.0
Accounts receivable	6.8	6.8	-	-	6.8
Other operating receivables (a)	0.7	0.7	-	-	0.7
TOTAL FINANCIAL ASSETS	**8.8**	**8.7**	**0.0**	**0.0**	**8.8**
LIABILITIES					
Financial liabilities	1,479.6	1,479.6	-	-	1,521.8
Other financial liabilities	6.3	6.3	-	-	6.3
Derivative instruments	15.7	-	15.7	-	15.7
Accounts payable	3.1	3.1	-	-	3.1
Other operating payables (a)	28.0	28.0	-	-	28.0
TOTAL FINANCIAL LIABILITIES	**1,532.8**	**1,517.0**	**15.7**	**-**	**1,575.0**

(a) Excluding prepaid expenses/income and social security and tax receivables/payables.

(in millions of euros)	**Carrying amount as of 12/31/2017**	**Amortised cost**	**Fair value through equity**	**Fair value through profit or loss**	**Fair value as of 12/31/2017**
ASSETS					
Financial assets	1.3	1.3	-	0.0	1.3
Derivatives	0.8	-	0.8	-	0.8
Accounts receivable	5.5	5.5	-	-	5.5
Other operating receivables (a)	1.4	1.4	-	-	1.4
TOTAL FINANCIAL ASSETS	**9.0**	**8.2**	**0.8**	**0.0**	**9.0**
LIABILITIES					
Financial liabilities	1,307.4	1,307.4	-	-	1,382.5
Other financial liabilities	3.7	3.7	-	-	3.7
Derivative instruments	12.1	0.0	12.1	-	12.1
Accounts payable	3.7	3.7	-	-	3.7
Other operating payables (a)	38.0	38.0	-	-	38.0
TOTAL FINANCIAL LIABILITIES	**1,364.9**	**1,352.9**	**11.4**	**-**	**1,383.7**

(a) Excluding prepaid expenses/income and social security and tax receivables/payables.

6.3.2. Fair value hierarchy of financial instruments

The three levels in the fair value hierarchy of financial instruments which are used by the Group in accordance with IFRS 13 are presented in note 1.3.1 on measurement bases.

The financial instruments whose fair value is determined using a valuation technique based on non-observable data are investments in unconsolidated, unlisted companies.

As of December 31, 2019, 2018 and 2017, the Group's financial instruments consisted of:

- Derivative assets and liabilities measured based on observable data (level 2 of the fair value hierarchy);
- Financial assets at fair value through profit or loss, measured based on market data not directly observable (level 3 of the fair value hierarchy).

These values appear directly in the consolidated statement of financial position for the financial years ended December 31, 2019, 2018 and 2017.

As of December 31, 2019, 2018 and 2017, the Group did not hold any financial instruments measured based on unadjusted prices quoted in active markets for identical assets or liabilities (level 1 of the fair value hierarchy).

Note 7. Equity and earnings per share

7.1. Share capital and shareholding structure

7.1.1. Share capital

Changes in the number of shares and share capital between December 31, 2016 and December 31, 2019 were as follows:

	Number	Capital in €m
Share capital as of 12/31/2016	**32,603,806**	**497.2**
Capital increase	1,394,504	21.3
Share capital as of 12/31/2017	**33,998,310**	**518.5**
Capital increase	2,199,914	33.5
Share capital as of 12/31/2018	**36,198,224**	**552.0**
Capital increase	1,542,612	23.5
Share capital as of 12/31/2019	**37,740,836**	**575.5**

As of December 31, 2019, share capital consisted of 37,740,836 ordinary shares with a par value of €15.25 per share. All the shares issued are fully paid up.

7.1.2. Shareholding structure

The Company's shareholding structure (number of shares and percentage of share capital) is as follows:

	12/31/2019		12/31/2018		12/31/2017	
	Number of shares	% stake	Number of shares	% stake	Number of shares	% stake
Icade SA	21,450,167	56.84%	20,550,856	56.77%	19,213,170	56.51%
Messidor	6,230,545	16.51%	5,969,326	16.49%	5,598,090	16.47%
Sogecapimmo	3,795,674	10.06%	3,636,539	10.05%	3,399,832	10.00%
C Santé	3,364,305	8.91%	3,223,255	8.90%	3,013,449	8.86%
Holdipierre	1,953,401	5.18%	1,871,504	5.17%	1,871,504	5.50%
MF Santé	946,744	2.51%	946,744	2.62%	902,265	2.65%
Total	**37,740,836**	**100.00%**	**36,198,224**	**100.00%**	**33,998,310**	**100.00%**

7.2. Dividends

Dividends per share distributed in 2019, 2018 and 2017 in respect of profits for the financial years 2018, 2017 and 2016, respectively, were as follows:

(in millions of euros)	12/31/2019	12/31/2018	12/31/2017
Payment to Icade Santé shareholders	153.1	132.0	105.0
TOTAL	**153.1**	**132.0**	**105.0**
Average number of shares	35,281,593	33,998,310	32,603,806
Dividend per share (in €)	**€4.34**	**€3.88**	**€3.22**

Dividends distributed by the Company to its shareholders in 2019 in respect of profit for the financial year 2018 totalled €153.1 million, i.e. €4.34 per share. Dividends distributed in 2018 in respect of profit for the financial year 2017 amounted to €132.0 million, i.e. €3.88 per share.

7.3. Earnings per share

ACCOUNTING PRINCIPLES

Basic earnings per share are equal to net profit/(loss) for the period attributable to holders of the Company's ordinary shares divided by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period is the average number of ordinary shares outstanding at the beginning of the financial year, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor.

In calculating diluted earnings per share, the average number of shares outstanding is adjusted to take into account the diluting effect of equity instruments issued by the Company and likely to increase the number of shares outstanding.

Below are the detailed figures for basic and diluted earnings per share for the financial years 2019, 2018 and 2017:

(in millions of euros)		2019	2018	2017
Net profit/(loss) attributable to the Group from continuing operations		89.3	64.8	71.1
Net profit/(loss) attributable to the Group	**(A)**	**89.3**	**64.8**	**71.1**
Opening number of shares		36,198,224	33,998,310	32,603,806
Increase in the average number of shares as a result of the capital increase		**899,857**	1,157,215	34,385
Average undiluted number of shares	(B)	37,098,081	35,155,525	32,638,191
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP PER SHARE (in euros) (a)	**(A/B)**	**€2.41**	**€1.84**	**€2.18**

(a) Since the Company does not have any dilutive instruments, the Group's diluted net profit/(loss) per share is equal to its net profit/(loss) per share.

Note 8. Operational information

8.1. Gross rental income

ACCOUNTING PRINCIPLES

Gross rental income includes rents and other ancillary income from leases in which the Group is the lessor. This income includes rents from healthcare facilities.

Lease income is recorded using the straight-line method over the shorter of the entire lease term and the period to the next break option. Consequently, any specific clauses and incentives specified in the leases (rent-free periods, progressive rent) are recognised over the shorter of the entire lease term and the period to the next break option, without taking index-linked rent reviews into account. The reference period used is the shorter of the entire lease term and the period to the next break option.

Any expenses directly incurred and paid to third parties to set up a lease are recorded as assets under the item "Investment property", and depreciated over the shorter of the entire lease term and the period to the next break option.

Uncollected lease income as of the end of the financial year is recognised in accounts receivable and is tested for impairment in accordance with IFRS 9 as described in note 8.2.1.

Income from service charges recharged to tenants is not included in lease income and is debited to the relevant expense accounts in the "Outside services" line of the income statement.

The Group assists major operators of healthcare and senior services facilities with the ownership and development of healthcare properties. Leases are signed on a facility-by-facility basis. Gross rental income by operator is as follows:

(in millions of euros)	**12/31/2019**		**12/31/2018**		**12/31/2017**	
Elsan group	149.7	55.5%	140.9	58.5%	133.9	62.3%
Ramsay Santé group (a)	72.4	26.9%	46.4	19.3%	45.7	21.3%
Other operators	47.4	17.6%	53.6	22.2%	35.3	16.4%
GROSS RENTAL INCOME	**269.5**	**100.0%**	**241.0**	**100.0%**	**214.9**	**100.0%**

(a) As the Capio group was acquired by the Ramsay group at the end of 2018, gross rental income from this operator has been included in that of the Ramsay group for the financial year 2019 onwards.

The Group generated gross rental income of €269.5 million in 2019 (€241.0 million in 2018 and €214.9 million in 2017), an 11.8% increase (12.1% and 3.6% in 2018 and 2017, respectively) on a year-on-year basis.

In 2019, 73.2% of the Group's income came from the two largest groups of operators of investment property held by the Group. This percentage stood at 77.8% in 2018 and 83.6% in 2017.

No individual tenant operating a healthcare facility accounts for more than 10% of total gross rental income.

Service charges from investment property are presented net of recharges to tenants in the "Outside services" line of the consolidated income statement. They consist of non-recoverable service charges. For the three financial years presented, service charges recharged to tenants were as follows:

(in millions of euros)	**2019**	**2018**	**2017**
SERVICE CHARGES RECHARGED TO TENANTS	**24.6**	**24.5**	**22.4**

8.2. Components of the working capital requirement

The working capital requirement consists primarily of the following items:

- Accounts receivable and miscellaneous receivables on the asset side of the consolidated statement of financial position;
- Miscellaneous payables on the liability side of the consolidated statement of financial position.

8.2.1. Accounts receivable

ACCOUNTING PRINCIPLES

Accounts receivable are measured at amortised cost in accordance with IFRS 9. They are initially recognised for the invoice amount and tested for impairment based on the expected loss model defined by IFRS 9. See note 6.2.4 for further information on the Group's exposure to credit risk.

Changes in accounts receivable between January 1, 2017 and December 31, 2019 were as follows:

(in millions of euros)	Period start	Change for the period	Impact of changes in scope of consolidation	Impairment losses	Period end
2017	5.5	(0.2)	0.2	(0.1)	**5.5**
2018	5.5	0.3	0.0	0.9	**6.8**
2019	6.8	4.6	1.2	(2.9)	**9.7**

Below is a maturity analysis of accounts receivable net of impairment and excluding financial receivables as of December 31, 2019, 2018 and 2017:

(in millions of euros)	Total	Not yet due	Due				
			< 30 days	30 < X < 60 days	60 < X < 90 days	90 < X < 120 days	> 120 days
Gross value of accounts receivable	6.4	3.5	0.3	0.4	0.4	0.5	1.4
Impairment loss on accounts receivable	(1.0)	-	-	-	-	-	(1.0)
Net value of accounts receivable as of 12/31/2017	**5.5**	**3.5**	**0.3**	**0.4**	**0.4**	**0.5**	**0.5**
Gross value of accounts receivable	6.8	6.8					0.0
Impairment loss on accounts receivable	-	-	-	-	-	-	(0.0)
Net value of accounts receivable as of 12/31/2018	**6.8**	**6.8**	**-**	**-**	**-**	**-**	**-**
Gross value of accounts receivable	12.6	9.7	0.4	0.0	1.2	0.6	0.7
Impairment loss on accounts receivable	(3.0)	(3.0)	-	-	-	-	-
Net value of accounts receivable as of 12/31/2019	**9.7**	**6.7**	**0.4**	**0.0**	**1.2**	**0.6**	**0.7**

8.2.2. Miscellaneous receivables and payables

Miscellaneous receivables consist mainly of tax and social security receivables, advances and down payments to suppliers and prepaid expenses. Miscellaneous payables consist mainly of payables on investment property acquisitions, tax and social security payables, advances from customers and prepaid income.

As of December 31, 2019, 2018 and 2017, miscellaneous receivables broke down as follows:

(in millions of euros)	12/31/2019	12/31/2018	12/31/2017
Advances to suppliers	0.4	0.6	0.7
Receivables from asset disposals	-	-	0.7
Prepaid expenses	0.4	0.3	8.3
Social security and tax receivables	3.7	3.1	5.6
Other receivables	1.5	0.1	0.1
TOTAL MISCELLANEOUS RECEIVABLES	**6.1**	**4.1**	**15.3**

No impairment losses were recognised at the end of the financial years presented. As a result, the gross values of miscellaneous receivables were equal to the net values.

As of December 31, 2019, 2018 and 2017, miscellaneous payables broke down as follows:

(in millions of euros)	12/31/2019	12/31/2018	12/31/2017
Advances from customers	1.8	1.5	0.1
Payables on asset acquisitions	24.6	25.5	37.2
Prepaid income	3.5	1.9	1.9
Tax and social security payables excluding income taxes	10.8	4.6	3.4
Other payables	1.6	1.0	0.7
TOTAL MISCELLANEOUS PAYABLES	**42.2**	**34.5**	**43.3**

8.3. Lease liabilities

ACCOUNTING PRINCIPLES

Effective from January 1, 2019:

- ♦ In the consolidated statement of financial position, “Lease liabilities” (current and non-current liabilities) refers to lease commitments under building leases;
- ♦ In the consolidated income statement, “Other finance income and expenses” includes interest expenses arising from lease liabilities;
- ♦ Within the “Financing activities” section of the consolidated cash flow statement, “Repayments of lease liabilities” comprises principal repayments on lease liabilities. Within the “Operating activities” section of the consolidated cash flow statement, “Interest paid” includes interest payments on lease liabilities.

The lease liability is initially measured at the present value of future lease payments. These future lease payments include:

- ♦ Fixed lease payments less any lease incentives provided by the lessor;
- ♦ Variable lease payments that depend on an index or a rate;

- Residual value guarantees;
- The price of any purchase options where management is reasonably certain that they will be exercised;
- Early termination penalties where management is reasonably certain that an early termination option entailing significant penalties will be exercised.

The present value of future lease payments is obtained using the Group's incremental borrowing rate, which varies depending on the remaining lease term.

Lease liabilities are subsequently measured at amortised cost using the effective interest method. In practice, lease liabilities are determined at their net carrying amount plus any interest and less any lease payments made.

Lease liabilities may be remeasured in the course of the reasonably certain lease term in any of the following circumstances:

- Lease modification;
- An increase or decrease in the assessment of the lease term;
- An increase or decrease in the assessment of lease payments linked to an index or a rate.

(in millions of euros)	**Lease liabilities**
12/31/2018	
Impact of the initial application of IFRS 16	1.9
Impact of remeasurement and new leases	0.0
Finance expense for the period	0.2
Repayment of liabilities (a)	(0.1)
Interest paid (a)	(0.2)
12/31/2019	**1.9**
Portion due in < 1 year	0.0
Portion due in > 1 year and < 5 years	0.1
Portion due in > 5 years	1.8

(a) Lease payments for the financial year amounted to €0.3 million.

Lease expenses from leases not recognised in accordance with the practical expedients offered under IFRS 16 which have been applied by the Group (see note 1.2.1) were not significant for the year 2019.

Note 9. Income tax

ACCOUNTING PRINCIPLES

Eligible companies of the Group benefit from the specific tax regime for French listed real estate investment companies (SIICs). Ordinary tax rules apply to the other companies of the Group.

The tax expense for the financial year includes:

- ♦ The current exit tax expense for entities under the SIIC tax regime;
- ♦ The current tax expense at the standard rate;
- ♦ The company value-added contribution (CVAE).

SIIC tax regime

Icade Santé SAS and its eligible subsidiaries have opted for the SIIC tax regime, which provides for:

- ♦ A SIIC segment exempt from tax on current income from leasing activities, capital gains on disposals and dividends received from subsidiaries which have opted for the SIIC tax status;
- ♦ A segment that is taxable under ordinary tax rules in respect of other operations.

Entities to which the SIIC tax regime applies must pay out:

- ♦ 95% of profits from leasing activities;
- ♦ 70% of capital gains on disposals;
- ♦ 100% of dividends paid by subsidiaries which have opted for the SIIC tax regime.

Entry into the SIIC tax regime

At the time of entry into the SIIC tax regime, an exit tax of 19% is levied on any unrealised capital gains relating to investment property and partnerships not subject to corporate tax. A quarter of the tax amount is payable from December 15 of the financial year on which the company begins to apply the tax regime and the remainder is spread over the following three financial years.

The exit tax liability is discounted according to its payment schedule on the basis of a market rate plus a premium.

The impact of discounting is deducted from the tax liability and the tax expense initially recognised. At the end of each reporting period until maturity, a finance expense is recognised as an offsetting entry for the unwinding of the discount on the tax liability.

9.1. Tax expense

The tax expense for the financial years 2019, 2018 and 2017 is detailed in the table below:

(in millions of euros)	2019	2018	2017
Current and deferred tax expense	(0.0)	0.3	0.0
Exit tax (SIIC tax regime)	-	0.3	0.0
Company value-added contribution (CVAE)	(2.7)	(2.2)	(1.8)
TAX EXPENSE RECOGNISED IN THE INCOME STATEMENT	**(2.7)**	**(1.5)**	**(1.7)**

9.2. Reconciliation of the theoretical tax rate and the effective tax rate

The theoretical tax expense for the financial years 2019, 2018 and 2017 is calculated by applying the tax rate expected to be applicable in France at the end of the reporting period to profit/(loss) before tax. For 2019, 2018 and 2017, the theoretical tax expense was €28.6 million, €22.1 million and €24.5 million, respectively. The reconciliation of the theoretical tax expense and the effective tax expense for these three financial years is detailed in the table below:

(in millions of euros)	2019	2018	2017
NET PROFIT/(LOSS)	**89.3**	**64.8**	**71.1**
Tax expense	2.7	1.5	1.7
Company value-added contribution (CVAE)	(2.7)	(2.2)	(1.8)
PROFIT/(LOSS) BEFORE TAX AND AFTER CVAE	**89.3**	**64.2**	**71.1**
Theoretical tax rate	**32.0%**	**34.4%**	**34.4%**
THEORETICAL TAX EXPENSE	**(28.6)**	**(22.1)**	**(24.5)**
Impact on the theoretical tax expense of:			
Permanent differences (a)	(2.7)	(9.0)	(1.2)
Tax-exempt segment under the SIIC regime	31.8	31.2	25.7
Change in unrecognised tax assets (tax loss carry forwards)	(0.5)	-	-
Other impacts (including exit tax, provision for taxes, etc.)	(0.0)	0.6	0.0
EFFECTIVE TAX EXPENSE (b)	**(0.0)**	**0.7**	**0.0**
Effective tax rate	**0.0%**	**1.0%**	**0.0%**

(a) Permanent differences mainly relate to differences between the consolidated income and the taxable “fiscal” income from companies benefiting from the SIIC tax regime.

(b) The effective tax expense is the tax expense recognised in the income statement excluding CVAE.

Note 10. Provisions

10.1. Provisions

ACCOUNTING PRINCIPLES

A provision is recognised if the Group has a present obligation to a third party that arises from past events, the settlement of which is expected to result in an outflow from the Group of resources embodying economic benefits and the value of which can be estimated reliably.

If the settlement date of that obligation is expected to be in more than one year, the present value of the provision is calculated and the effects of such calculation are recorded as finance income/(expense).

Identified risks of any kind, particularly operational and financial risks, are monitored on a regular basis, which makes it possible to determine the amount of provisions deemed necessary.

As of December 31, 2019, 2018 and 2017, the amount of provisions for liabilities and charges recognised by the Group was not material.

10.2. Contingent liabilities

ACCOUNTING PRINCIPLES

A contingent liability is a possible obligation arising from past events where the outcome is uncertain or a present obligation arising from past events whose amount cannot be estimated reliably. Contingent liabilities are not recognised in the consolidated statement of financial position.

As of December 31, 2019, 2018 and 2017, the Group was aware of no contingent liabilities likely to have had a material effect on the Group's profits, financial position, assets or business.

Note 11. Other information

11.1. Related parties

ACCOUNTING PRINCIPLES

In accordance with IAS 24 – Related party disclosures, a related party is a person or entity that is related to the Company. This may include:

- A person or a close member of that person's family if that person:
  - Has control, or joint control of, or significant influence over the Company;
  - Is a member of the key management personnel of the Company or of a parent of the Company.

- An entity is related to the Company if any of the following conditions applies:
  - The entity and the Company are members of the same Group;
  - The entity is a joint venture or associate of the Company;
  - The entity is jointly controlled or owned by a member of the key management personnel of the Group;
  - The entity provides key management personnel services to the Company.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party.

11.1.1. Related parties identified by the Company

Related parties identified by the Company include:

- The parent company of the Icade Santé Group, Icade SA, and its subsidiaries not included in the scope of consolidation of the Icade Santé Group;
- The subsidiaries of the Icade Santé Group;
- The CEO of Icade SA: Icade SA, which a legal person acting as Chairman of Icade Santé SAS, is represented by the CEO of Icade SA, who is a natural person.

11.1.2. Related party transactions

Transactions have been concluded under normal market conditions, i.e. comparable to those that would usually take place between independent parties.

Transactions with the parent company Icade SA

The Company has entered into the following contracts and agreements with Icade SA, its parent company.

- **Property management agreement**

As the Company has no employees, it entered into a property management agreement with its parent company Icade SA on February 23, 2012. The agreement covers the rental, building, administrative, financial and accounting management of the healthcare facilities owned by the Company.

In exchange, Icade SA receives remuneration equal to a percentage of the rental income excluding tax collected annually by the Company.

The agreement was entered into for a period of four years as from January 1, 2012. It is tacitly renewable for further periods of four years up to two successive terms.

- ♦ **Analysis, assistance and advisory agreement in connection with valuations, investments and disposals**

On February 23, 2012, the Company entered into an analysis, assistance and advisory agreement with Icade SA in connection with valuations, investments and disposals. The purpose of the agreement is to obtain Icade SA's support in optimising the management of the healthcare facilities owned by the Company, making real estate investments and implementing an acquisition and disposal strategy for the healthcare facilities.

In addition, the agreement provides for a number of additional services, namely:

- Drafting and updating a business plan;
- Licence to use the "Icade" trademark throughout the duration of the agreement;
- Services with regard to functional/operational communication, financial control, insurance, information systems, audit and risks, sustainable development, professional ethics and anti-money laundering;
- Additional services in the following areas: accounting, financial control, legal and tax matters, cash management, investments and financing.

In exchange, Icade SA receives remuneration equal to a percentage of the rental income excluding tax collected annually by the Company. In addition, for the provision of assistance in making real estate investments and implementing an acquisition and disposal strategy for the healthcare facilities, Icade SA receives additional remuneration, once the asset has been bought or sold with its assistance, equal to a percentage of the price, excluding duties, of the acquisition (or sale).

The agreement was entered into for a period of 13 years as from January 1, 2012.

- ♦ **Long-term intra-group loan agreements**

The Company entered into the following long-term intra-group loan agreements with Icade SA:

- On June 28, 2018, a loan agreement for €50.0 million for the period from the date of disbursement to June 28, 2025. The loan has a fixed interest rate of 1.40% per annum;
- On October 15, 2015, a loan agreement for €110.0 million for the period from the date of disbursement to October 15, 2025. The loan has a fixed interest rate of 3.11% per annum;
- On October 1, 2015, a loan agreement for €200.0 million for the period from the date of disbursement to October 1, 2022. The loan has a fixed interest rate of 2.54% per annum;
- On October 1, 2015, a loan agreement for €100.0 million for the period from the date of disbursement to October 1, 2025. The loan has a fixed interest rate of 3.11% per annum;
- On October 1, 2015, a loan agreement for €37.4 million for the period from the date of disbursement to October 1, 2020. The interest rate for the loan is the 3-month Euribor published two business days prior plus 146 bps;
- On November 28, 2014, a loan agreement for €100.0 million for the period from the date of disbursement to October 1, 2021. The loan has a fixed interest rate of 2.29% per annum;
- On December 10, 2008, a loan agreement for €148.5 million for the period from the date of disbursement to December 10, 2023. The loan has a fixed interest rate of 5.40% per annum. The outstanding amount of this loan, i.e. €68.6 million, was fully repaid on June 28, 2018 before its due date, for which a penalty of €9.5 million was recognised as a finance expense for the period.

♦ **Cash advance agreements**

The Company entered into the following cash advance agreements with Icade SA:

- On September 30, 2019, amendment to the agreement entered into on April 1, 2018 to extend its term to 39 months, thereby extending its maturity to June 30, 2021;
- On April 1, 2018, an agreement to advance a maximum amount of €200.0 million in cash, superseding in its entirety the previous cash advance agreement for €200.0 million for a period up to and including March 31, 2020. The interest rate for the cash advance is the average 3-month Euribor published one month prior plus 90 bps;
- On April 1, 2016, an agreement to advance a maximum amount of €200.0 million in cash, for a period up to and including March 31, 2018. The interest rate for the cash advance is the average 3-month Euribor plus 90 bps.

Transactions with SASU Icade Promotion and its subsidiaries

SASU Icade Promotion is wholly owned by Icade SA.

In connection with its property development projects, the Company has entered into delegated project management contracts, property development contracts and off-plan sale contracts with Icade Promotion and its subsidiaries. The main characteristics of these contracts are set out below.

♦ **Delegated project management contracts**

The purpose of delegated project management contracts is to transfer the management of real estate projects as project owner to Icade Promotion in order for this company to draft and manage contractor agreements and oversee technical inspectors and health and safety coordinators. In addition, Icade Promotion must carry out technical, administrative, legal, accounting and financial assignments relating to the contract.

♦ **Property development contracts**

Property development contracts awarded to Icade Promotion or its subsidiaries allow them to act as project manager and/or property developer on construction projects. By way of consideration, Icade Promotion or its subsidiaries will receive a fixed fee as provided for in the contract.

♦ **Off-plan sale contracts**

The purpose of off-plan sale contracts is to assign the construction of a project to a property developer. Such property developers ensure buyers that construction will be completed. Ownership of the property is transferred to the buyer as each stage of the work is completed. The property developer remains the project manager until construction is completed. By way of consideration, the property developer will be paid in tranches set out in the contract as each stage of the work is completed.

Transactions with Group subsidiaries

Transactions between Icade Santé SAS and its subsidiaries have been eliminated in the consolidated financial statements and are not itemised in this note.

Remuneration and other benefits granted to members of the Company's administrative and management bodies

Members of the administrative and management bodies receive no remuneration from the Company for performing their duties.

11.1.3. Impact on the consolidated financial statements

The amount of related party transactions in the consolidated income statements for the financial years 2019, 2018 and 2017 were as follows:

(in millions of euros)	2019	2018	2017
Purchases used	(2.9)	0.7	-
Outside services	(14.8)	(13.3)	(12.7)
EBITDA	**(17.7)**	**(12.6)**	**(12.7)**
Acquisition costs of investments in consolidated companies	(1.0)	(0.8)	
Other costs and expenses related to investment property disposals	(0.1)	(0.0)	(0.0)
Operating profit/(loss)	**(18.8)**	**(13.5)**	**(12.8)**
Interest expenses on liabilities to Icade SA	(14.6)	(16.4)	(18.7)
Interest expenses on current accounts and advances received	(0.0)	(0.2)	(0.6)
Prepayment penalties for financial liabilities	-	(9.4)	-
Commitment fees	(0.6)	(0.6)	(0.4)
Finance income/(expense)	**(15.3)**	**(26.6)**	**(19.6)**

Cash and liabilities in the consolidated statement of financial position associated with related party transactions as of December 31, 2019, 2018 and 2017 were as follows:

(in millions of euros)	12/31/2019	12/31/2018	12/31/2017
Cash and cash equivalents (a)	371.8	69.1	3.7
Current assets	**371.8**	**69.1**	**3.7**
Liabilities to Icade SA	510.0	557.4	580.6
Non-current liabilities	**510.0**	**557.4**	**580.6**
Liabilities to Icade SA	51.0	13.7	31.9
Accounts payable	1.3	0.2	0.2
Miscellaneous payables (b)	2.3	2.1	1.9
Current liabilities	**54.7**	**15.9**	**34.0**

(a) Cash and cash equivalents relate to a cash pooling current account
(b) Miscellaneous payables relate to payables on investment property acquisitions

Off-balance sheet commitments with related parties as of December 31, 2019, 2018 and 2017 were as follows:

(in millions of euros)	12/31/2019	12/31/2018	12/31/2017
Residual commitments in construction, property development and off-plan sale contracts	5.8	11.4	0.4
Commitments made	**5.8**	**11.4**	**0.4**
Unused credit lines	200.0	200.0	192.7

Sureties and guarantees received in respect of financing	23.6	26.0	28.5
Property development and off-plan sale contracts – Property under construction or refurbishment	5.8	11.0	-
Commitments received	**229.3**	**237.0**	**221.2**

11.2. Off-balance sheet commitments

ACCOUNTING PRINCIPLES

Off-balance sheet commitments made and received by the Group represent unfulfilled contractual obligations that are contingent on conditions being met or transactions being carried out after the current financial year.

The Group has three types of commitments: commitments relating to the scope of consolidation, commitments relating to financing activities (mortgages, promises to mortgage property and assignments of claims) and commitments relating to operating activities (security deposits received for rent payments).

Off-balance sheet commitments received by the Group also include future lease payments receivable under operating leases in which the Group is the lessor and minimum lease payments receivable under finance leases in which the Group is the lessor.

11.2.1. Off-balance sheet commitments

Commitments made

Off-balance sheet commitments made by the Group as of December 31, 2019 broke down as follows (by type and maturity):

(in millions of euros)	12/31/2019	12/31/2018	12/31/2017
COMMITMENTS RELATED TO THE SCOPE OF CONSOLIDATION	**4.5**	**-**	**-**
Equity investment commitments	4.5	-	-
FINANCING COMMITMENTS	**375.7**	**408.4**	**338.6**
Mortgages	178.0	192.2	156.2
Lender's liens	0.8	0.8	-
Promises to mortgage property and assignments of claims	196.9	215.3	182.4
COMMITMENTS RELATING TO OPERATING ACTIVITIES	**94.7**	**114.6**	**67.7**
Commitments relating to business development and asset disposals and acquisitions			
Residual commitments in construction, property development and off-plan sale contracts	81.4	109.7	66.5
Commitments to purchase investment property	3.0	1.0	-
Other commitments relating to business development and asset disposals and acquisitions	-	0.9	1.2
Other commitments made:			
Other commitments made	10.3	3.0	-

Commitments received

Off-balance sheet commitments received by the Group as of December 31, 2019 broke down as follows (by type and maturity):

(in millions of euros)	12/31/2019	12/31/2018	12/31/2017
COMMITMENTS RELATED TO THE SCOPE OF CONSOLIDATION	**13.7**	**9.2**	**3.1**
Equity investment commitments	4.5	-	-
'No undisclosed liabilities' warranties	9.2	9.2	3.1
FINANCING COMMITMENTS	**231.2**	**227.5**	**221.2**
Unused credit lines	207.7	201.5	192.7
Sureties and guarantees received	23.6	26.0	28.5
COMMITMENTS RELATED TO OPERATING ACTIVITIES	**2,158.9**	**2,272.5**	**1,829.5**
Commitments relating to business development and asset disposals and acquisitions			
Property development and off-plan sale contracts – Property under construction or refurbishment	5.4	-	-
Commitments to sell investment property	3.0	0.9	0.1
Commitments to purchase investment property	-	1.0	-
Security deposits received for rents	2,092.6	2,253.7	1,828.2
Off-plan lease contracts	57.9	16.9	-

11.2.2. Information on leases

The breakdown of minimum lease payments receivable by the Group under operating leases was as follows:

(in millions of euros)	12/31/2019	12/31/2018	12/31/2017
Not later than one year	276.5	275.2	600.2
Later than one year and not later than five years	1,022.5	1,042.1	1,841.7
Later than five years	807.3	936.4	1,249.0
MINIMUM LEASE PAYMENTS RECEIVABLE UNDER OPERATING LEASES	**2,106.3**	**2,253.7**	**3,690.9**

11.3. Events after the reporting period

None

11.4. Statutory Auditors' fees

	MAZARS						PWC (a)	
	€m			*in %*			*€m*	*in %*
	2019	**2018**	**2017**	**2019**	**2018**	**2017**	**2019**	**2019**
Audit								
Audit, audit opinion, review of separate and consolidated financial statements								
– Issuer	0.1	0.1	0.1	36%	83%	76%	0.1	94%
Services other than the audit of financial statements								
– Issuer	0.1	0.0	0.0	64%	17%	24%	0.0	6%
TOTAL	**0.2**	**0.1**	**0.1**	**100%**	**100%**	**100%**	**0.1**	**100%**

(a) On December 18, 2019, PricewaterhouseCoopers Audit was appointed as Statutory Auditor for a term of 6 years.

Services other than the audit of financial statements provided by the Board of Statutory Auditors to Icade Santé and its subsidiaries primarily include formalities relating to the provision of various certificates and reports on agreed-upon procedures with respect to accounting data, and work performed in the context of bond issues.

11.5. Scope of consolidation

The companies included in the scope of consolidation as of December 31, 2019, 2018 and 2017 are listed in the table below. All the companies in the scope of consolidation are fully consolidated into Icade Santé's financial statements.

Entity name	Legal form	2019	2018	2017
		% 2019 ownership interest	% 2018 ownership interest	% 2017 ownership interest
ICADE SANTE	SAS	Parent company	Parent company	Parent company
SA NCN ASSOCIES	SA	100%		
SCI SOCIETE DU CONFLUENT	SCI	100%		
SCI TONNAY INVEST	SCI	100%	100%	
SCI PONT DU CHÂTEAU INVEST	SCI	100%	100%	
SNC SEOLANES INVEST	SNC	100%	100%	
SCI SAINT AUGUSTINVEST	SCI	100%	100%	
SCI CHAZAL INVEST	SCI	100%	100%	
SCI DIJON INVEST	SCI	100%	100%	
SCI COURCHELETTES INVEST	SCI	100%	100%	
SCI ORLÉANS INVEST	SCI	100%	100%	
SCI MARSEILLE LE ROVE INVEST	SCI	100%	100%	
SCI GRAND BATAILLER INVEST	SCI	100%	100%	
SCI SAINT CIERS INVEST	SCI	100%	100%	
SCI SAINT SAVEST	SCI	100%	100%	
SCI BONNET INVEST	SCI	100%	100%	
SCI GOULAINE INVEST	SCI	100%	100%	
SCI CLUB SANTE CBI	SCI	Acquisition and merger		
SAS PATRIMOINE ET SANTE	SAS		Acquisition and merger	
SAS FONCIERE MSR	SAS		Merger	100%
SAS CARRERE	SAS			Acquisition and merger
SCI SAINT-GERMOISE	SCI			Acquisition and merger
SASU GVM SANTE	SASU			Merged

Statutory auditors' report on the financial statements (for the year ended 31 December 2019)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of Icade Sante,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Icade Santé ("the Group") for the year ended December 31, 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2019 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Emphasis of matter

Without qualifying our opinion, we draw your attention to Note 1.2.1 "Mandatory standards, amendments and interpretations adopted by the European Union to be applied for financial years starting on or after January 1, 2019" to the consolidated financial statements, which describes the impacts of the change in accounting policy as a result of the first-time application of IFRS 16 "Leases".

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation and impairment risk of investment properties
(Note 5 to the consolidated financial statements)

Description of risk

At December 31, 2019, the carrying value of investment properties amounted to €3,487 million in the consolidated balance sheet, representing 89% of consolidated assets. Investment properties are held to earn rentals or for capital appreciation (or both).

Investment properties are recognised at cost less accumulated depreciation and any impairment, which is determined based on their fair value. Fair value is also used to determine key indicators of the Group's performance and financial situation, such as Net Asset Value and the Loan-to-Value ratio. Management has implemented a process for determining the fair value of the investment property portfolio, based on valuations performed by independent external appraisers and supplemented by an internal valuation process.

Measuring the fair value of a property asset is a complex exercise which involves making estimations. Thorough knowledge of the investment property market and significant judgement are required to determine the most appropriate valuation assumptions, such as: yield rate, discount rate, market rental values, cost estimates for construction work to be carried out and the estimated date of completion (in particular, for investment property under development) and any lease incentives (rent-free periods, works, etc.) granted to tenants.

We deemed the valuation and impairment risk of investment properties to be a key audit matter due to the materiality of the corresponding amounts in the consolidated financial statements, the high degree of judgement and estimation involved in determining the main valuation assumptions used and the potentially high sensitivity of the investment properties' fair value to these assumptions.

How our audit addressed this risk

We carried out the following procedures:

- gaining an understanding of the process implemented by management to communicate data inputs to the external appraisers and to review the related values provided by said appraisers;
- collecting the external appraisers' engagement letters and assessing their competency and independence with respect to the Group;
- obtaining the appraisal valuation reports; critically assessing (i) the valuation methods used, (ii) the market inputs used (yield rate, discount rate, market rental values, etc.) and (iii) the asset-specific assumptions used (in particular, the cost estimates for construction work to be carried out and the estimated date of completion for investment property under development); and testing, on a sample basis, the data used (construction costs, rental market conditions, etc.);
- conducting interviews with management and the external appraisers to discuss their valuation of the overall property portfolio and the individual asset values with the most significant or unexpected fluctuations;
- verifying the amounts booked with respect to impairment;

- verifying the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the President's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Icade Santé by the General Meetings held on June 22, 2007 for Mazars and December 18, 2019 for PricewaterhouseCoopers Audit.

At December 31, 2019, Mazars was in its thirteenth consecutive year and PricewaterhouseCoopers Audit was in its first year of their engagement respectively, including one year for the two firms since the securities of the Group have been traded on a regulated market.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Group or to cease operations.

The consolidated financial statements were approved by the President.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Group's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Group to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Paris La Défense and Neuilly-sur-Seine, February 17, 2020

The Statutory Auditors

M A Z A R S

GILLES MAGNAN

JOHANNA DARMON

P R I C E W A T E R H O U S E C O O P E R S A U D I T

ERIC BULLE

II. Audited consolidated financial statements of the Issuer for the years ended 31 December 2018, 31 December 2017 and 31 December 2016

See the section "*Documents incorporated by reference*" of this Prospectus.

SUBSCRIPTION AND SALE

BNP Paribas, Natixis (the "**Social Bond Structuring Advisors and Global Coordinators**") and Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial S.A. and Société Générale (together with the Social Bond Structuring Advisors and Global Coordinators, the "**Joint Lead Managers**") have jointly and severally agreed, pursuant to a subscription agreement (the "**Subscription Agreement**") dated 15 September 2020, subject to satisfaction of certain conditions, procure subscribers and payment for, or failing which to subscribe and pay for, the Notes at the issue price of 99.926 per cent. of the principal amount of Notes (the "**Issue Price**"), less a combined management and underwriting commission as separately agreed between the Joint Lead Managers and the Issuer. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Notes are being offered and sold outside of the United States reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

United Kingdom

Each of the Joint Lead Managers has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to European Economic Area and United Kingdom Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA or in the United Kingdom.

(a) For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

    (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

    (ii) a customer within the meaning of Directive 2016/97/(EU) (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

    (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

General

This Prospectus does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe or purchase, any of the Notes. It may not be used by anyone for the purpose of an offer or a solicitation in a country or jurisdiction in which such offer or solicitation would not be authorized. It may not be communicated to persons to which such offer or solicitation may not legally be made.

No action has been or will be taken by the Issuer or the Joint Lead Managers that would, or is intended to, permit a public offer of the Notes or possession or distribution of this Prospectus or any other offering material relating to the Notes, in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes or has not, directly or indirectly, distributed or published and will not, directly or indirectly, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information relating to the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

1. Authorisation

The Notes were issued pursuant to a resolution of the *Collectivité des associés* of the Issuer adopted on 4 September 2020 and a decision of Icade, Chairman (*Président*) of the Issuer dated 10 September 2020.

2. Approval and admission to trading

This Prospectus has been approved by the AMF in France in its capacity as competent authority pursuant to the Prospectus Regulation and received the approval number no. 20-454 dated 15 September 2020. The AMF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Notes that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Notes.

This Prospectus will be valid until the date of admission of the Notes to trading on Euronext Paris. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid.

Application has been made for the Notes to be admitted to trading on Euronext Paris as from the Issue Date.

The estimated costs for the admission to trading of the Notes are €15,475 (including AMF and Euronext Paris fees).

3. Clearing systems

The Notes have been accepted for clearance through Clearstream and Euroclear with the Common Code number 223180744 and Euroclear France with the International Securities Identification Number (ISIN) FR0013535150. The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Brussels, Belgium and the address of Clearstream is 42 avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg. The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France.

4. No significant or material change

Save as disclosed in this Prospectus, there has been no significant change in the financial position or financial performance of the Issuer and the Group since 30 June 2020 and there has been no material adverse change in the prospects of the Issuer and the Group since 31 December 2019.

5. Legal proceedings

As of the date of this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Issuer is aware) which may have, or have had in the past twelve (12) months, significant effects on the financial position or profitability of the Issuer and/or the Group.

6. Financial statements

The statutory auditors of the Issuer are Mazars and PricewaterhouseCoopers Audit, who have audited the Issuer's consolidated financial statements prepared in accordance with IFRS as adopted by the European Union for the financial year ended 31 December 2019 and have rendered a limited review report on the condensed consolidated half-year financial statements of the Issuer for the period ended 30 June 2020. Mazars has audited the Issuer's consolidated financial statements prepared in accordance with IFRS as adopted by the European Union for the three financial years ended 31 December 2018, 31 December 2017 and 31 December 2016. Their reports on these financial statements were issued with unqualified opinions. Mazars and PricewaterhouseCoopers Audit are independent statutory auditors with respect to the Issuer as required by the laws of the French Republic and under the applicable rules of the *Compagnie Nationale des Commissaires aux Comptes*.

Mazars and PricewaterhouseCoopers Audit are members of the *Compagnie régionale des Commissaires aux comptes de Versailles*.

7. Documents

So long as any of the Notes are outstanding, the following documents can be inspected on the website of the Issuer (https://www.icade.fr/finance/icade-sante):

(i) the *statuts* of the Issuer;

(ii) a copy of this Prospectus together with any supplement to this Prospectus;

(iii) any documents incorporated by reference in this Prospectus; and

(iv) all reports, letters and other documents, valuations and statements prepared by any expert at the Issuer's request of which is included or referred to in this Prospectus in respect of the issue of the Notes.

A copy of this Prospectus together with any supplement to this Prospectus (a) may be obtained, free of charge, at the registered office of the Issuer during normal business hours and (b) will be available on the websites of the Issuer (https://www.icade.fr/finance/icade-sante) and of the *Autorité des marchés financiers* (www.amf-france.org).

Any websites included in this Prospectus are for information purposes only and the information in such websites does not form any part of this Prospectus.

8. Yield

The yield of the Notes is equal to 1.383 per cent. *per annum* and is calculated on the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

9. Currency

All references in this document to "euro", "EUR" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended.

10. Rating

The long-term debt of the Issuer has been rated BBB+ (stable outlook) by S&P. The Notes have been assigned a rating of BBB+ by S&P. S&P is established in the European Union, registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**") and included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

11. Interest

So far as the Issuer is aware, no person involved in the issue of the Notes has any interest, including conflicting ones, that is material to the issue.

12. Joint Lead Managers

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. Where there is a lending relationship between the Issuer and one or several Joint Lead Managers, it cannot be excluded that all or part of the proceeds of any issue of Notes be used to repay or reimburse all or part of such loans. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

13. Forward-looking statements

This Prospectus contains objectives, forecasts or other forward-looking statements that may be identified by the use of words such as "anticipate," "believe," "expect," "estimate," "plan," "outlook," and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Such objectives, forecasts or other forward-looking statements with respect to revenues, earnings, performance, strategies, prospects and other aspects of the businesses of the Group, as well as assumptions and analysis made by the Group in light of its perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate in the circumstances. By their nature, forward-looking statements involve known and unknown risks, uncertainties and assumptions that could cause actual results, performance and the timing of events to differ materially from those expressed or implied by the forward-looking statements.

These forward-looking statements speak only as of the date on which the statements were made, and no obligation has been undertaken to publicly update or revise any forward-looking statements made in this Prospectus or elsewhere as a result of new information, future events or otherwise, except as required by applicable laws and regulations.

14. LEI

The Issuer's Legal Entity Identifier (LEI) is: 96950067NFR9MWI0CJ45.

PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS

I hereby certify that, to the best of my knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

15 September 2020

Icade Santé
27, Rue Camille Desmoulins
92130 Issy les Moulineaux
France

Duly represented by Xavier Cheval, *Directeur general délégué* of the Issuer, authorised signatory, pursuant to the resolution of the *Collectivité des associés* dated 4 September 2020.

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

This Prospectus has been approved by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129. The AMF approves this Prospectus after having verified that the information it contains is complete, coherent and comprehensible within the meaning of Regulation (EU) 2017/1129.
This approval should not be construed as a favourable opinion on the Issuer and on the quality of the Notes described in this Prospectus. Investors should make their own assessment of the opportunity to invest in such Notes.
The Prospectus has been approved on 15 September 2020 and is valid until the admission to trading of the Notes on Euronext Paris and shall, during this period and in accordance with the provisions of Article 23 of Regulation (EU) 2017/1129, be completed by a supplement to the Prospectus in the event of new material facts or substantial errors or inaccuracies. The Prospectus obtained the following approval number: 20-454.

ISSUER

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92130 Issy les Moulineaux
France

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