



**COMPAGNIE  
LA  
LUCETTE**

# PRESS RELEASE

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## **Combination between Icade and Compagnie la Lucette**

### **Morgan Stanley Real Estate Fund to become shareholder of Icade**

Paris, December 23, 2009 – Icade and Morgan Stanley Real Estate Fund V (“MSREF”) announced today that they have entered into a binding framework agreement setting out the terms and conditions of the acquisition by Icade of MSREF’s 94.5% stake in Compagnie la Lucette, the French property company, which is listed on Euronext Paris (Segment B) and benefits from the SIIC (*Sociétés d’investissements immobiliers cotées*) regime.

Following the completion of this strategic transaction, MSREF will hold approximately 4.5% of Icade’s share capital, making it Icade’s second largest shareholder after *Caisse des dépôts et consignations*.

The transaction will be carried out on the basis of the combined payment of 2 Icade shares and cash consideration of €32.50 in exchange for 21 Compagnie la Lucette shares.

The transaction, which was approved by the boards of directors of Icade on December 23, 2009 and of MSREF on December 17, 2009, will be effected through a sale by MSREF of 35% of Compagnie la Lucette’s share capital prior to December 31 in consideration for a price of €9.61 per share, 2009, followed by a contribution of MSREF’s remaining stake in Compagnie la Lucette, on the basis of the same valuation of the shares of Compagnie la Lucette, in exchange for Icade shares and a re-investment by MSREF in Icade by way of a reserved share capital increase, both of which will occur no later than March 15, 2010.

**A major step towards the expansion by Icade of its commercial property division**

Compagnie la Lucette is a leading French office property company, the portfolio of which was valued at €1.5 billion as at June 30, 2009 and is principally composed of high quality office properties located in key business districts in the Paris region.

The combination with Compagnie la Lucette will therefore strengthen Icade's positioning as a leading property company in France, owning the second largest office property portfolio among the listed French SIIC companies. The combination under Icade of these two high-quality real estate portfolios will represent a total portfolio valued in excess of €5.7 billion, based on reported appraisal valuations as of June 30 2009<sup>1</sup>.

Following the previous announcement of the disposal of its residential real estate portfolio, this transaction fully reflects Icade's strategy aimed at delivering sustainable growth of its cash flow and portfolio valuation, while maintaining a prudent leverage level consistent with targeted ratios disclosed to the market.

In addition to the disposal of its residential portfolio, the combination with Compagnie la Lucette will enable Icade to strengthen the expansion of its commercial real estate investment division, while maintaining consistency with the following re-investment criteria:

- a high-quality commercial / office property portfolio complementary to that of Icade;
- an average implied yield of the transaction of approximately 8% with long term leases in place;
- a widely recognized and highly qualified real estate management team complementary to that of Icade;
- a significant size achieved by this substantial transaction, which still allows Icade to be well-positioned to be able to take advantage of future investment opportunities.

**Financial terms of the transaction and MSREF's acquisition of a stake in ICADE's share capital**

The transaction will be carried out on the basis of the combined payment of 2 Icade shares and cash consideration of €32.50 in exchange for 21 Compagnie la Lucette shares.

These financial terms, and namely the payment in Icade shares, will allow MSREF, with its recognized expertise in international real estate, to become a shareholder of Icade. Following the completion of the transaction, MSREF will hold approximately 4.5% of Icade's share capital, making it Icade's second largest shareholder after *Caisse des dépôts et consignations*. In connection therewith, a proposal shall be presented to Icade's shareholders' meeting to grant MSREF a seat on Icade's Board of Directors.

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<sup>1</sup> adjusted following the disposal by Icade of its residential real estate portfolio.

The transaction represents an opportunity for MSREF to pursue its real estate strategy in France, actively contributing to the development of one of the largest French commercial property companies and to benefit from Icade's significant value creation potential.

### **Impact of the transaction for Icade**

The transaction is expected to be significantly accretive with respect to Icade's 2010 net recurring cash flow per share and slightly accretive with respect to Icade's net asset value per share.

The financing of the transaction will take the form of the issuance of new Icade shares and of the reinvestment of part of the proceeds from Icade's disposal of its residential real estate portfolio. Upon the completion of the transaction and taking into account the pending disposals of the residential real estate portfolio, the estimated pro forma loan-to-value ratio of Icade is expected to remain at approximately 40%.

### **Terms of the transaction**

The transaction will be structured in three main steps:

- MSREF will sell to Icade, by December 31, 2009 at the latest, 35.0% of Compagnie la Lucette's share capital for a total consideration of €87.6 million at a price of €9.61 per share. The sale will be subject to the conditions subsequent of the French Antitrust Authority's not approving the transaction and of the contribution (which is the second step of the transaction) not being completed at the latest by March 15, 2010;
- In a second step to be completed by the end of the first quarter of 2010, MSREF will contribute to Icade its remaining stake in Compagnie la Lucette, representing 59.50% of the company's share capital, based on the same value per Compagnie la Lucette share as in the above-mentioned sale. This step will take the form of a contribution in kind in consideration for 1,759,289 new Icade shares and will be subject to various conditions precedent, in particular, the approval of the transaction by both the French Antitrust Authority and the Icade shareholders' general meeting and the absence of any material adverse change affecting Compagnie la Lucette or Icade at the completion date of the contribution;
- simultaneously with the completion of the contribution, MSREF will reinvest a portion of the sale proceeds, in the amount of €49.5 million, by subscribing to a reserved share capital increase of Icade by way of the issuance to MSREF by Icade of 584,971 of its shares.

A cash earn out in a total amount of €20.6 million may be paid by Icade to MSREF depending on the completion of pending transactions. The shareholders of Compagnie la Lucette will benefit in the context of the subsequent public offer of the same earn out per share paid to MSREF as the case may be.

## Transaction timetable

The sale of the 35% stake in Compagnie la Lucette will take place before December 31, 2009. Completion of the contribution and of the reserved share capital increase will occur once approved by Icade's next general shareholders' meeting, scheduled to take place by March 15, 2010 at the latest, following approval of the transaction by the French Antitrust Authority.

Following the completion of these transactions, Icade will file a simplified alternative public offer including a mixed offer and a cash offer for the remaining shares of Compagnie la Lucette held by the public, in accordance with the AMF general regulations.

MM. Ledouble and Gillet have been appointed as contribution appraisers and Compagnie la Lucette will appoint in due time an independent expert to appraise the terms of the public offer in accordance with the applicable regulation.

Icade was advised in this transaction by UBS Investment Bank and Freshfields Bruckhaus Deringer LLP. MSREF was advised by Morgan Stanley & Co Limited and Gide Loyrette Nouel and, for the tax aspects, by de Pardieu Brocas Mafféi.

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## About Icade

Icade, subsidiary of Caisse des dépôts et consignations, is a major listed French SIIC operating along the whole real estate value chain: investment, development and services across office, business parks, shops / shopping centres and public-health amenities sectors. Its proven real estate expertise enables Icade to provide its clients with tailored solutions and to offer a global solution to real estate current challenges. In 2008, Icade has posted consolidated revenues of €1,599 million and net current cash flow of €206 million. Liquidation net asset value amounts to €4,236.6 million, i.e. €86.9 per share.

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

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## About MSREF

Morgan Stanley Real Estate Funds (“MSREF”) is one of the largest real estate investment managers globally. Since 1991, it has acquired \$173.7 billion of real estate assets worldwide (approximately US\$8.0 billion in France) and currently manages \$59.5 billion in real estate assets on behalf of its clients. For more information about Morgan Stanley Real Estate Funds, please visit [www.morganstanley.com/realestate](http://www.morganstanley.com/realestate)

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## About Compagnie la Lucette

Compagnie la Lucette is a listed company focused on commercial real estate (offices and warehouses) which benefits from the SIIC regime. Compagnie la Lucette owns a high quality portfolio valued at €1.5 billion mainly composed of offices located in key business districts in the Paris region and warehouses in many industrial areas across France. Compagnie la Lucette is listed on Euronext Paris (segment B).

The text of this press release is available on Compagnie la Lucette website: [www.compagnielalucette.com](http://www.compagnielalucette.com)

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