Investment in commercial real estate in France in 2010 increased by about 40% compared to 2009, to around €12bn. Q4 was particularly buoyant with €4.8bn invested. This performance was attributable to a number of factors. Firstly, government measures to limit the impacts of the financial crisis meant that financing conditions improved. Investors have thereby been able to borrow more and at historically low interest rates. Moreover, property yields appear to be stronger and less volatile than other asset classes, such as government bonds or equities. Lastly, some of the underlying markets appear to have weathered the crisis, such as retail premises, new buildings with guaranteed cash flows and classic Parisian freestone buildings, which remain a safe haven for investors.

The return of money to the real estate market is illustrated by the increase in major deals. The volume of deals for more than €100m jumped by about 75% between 2009 and 2010. Among the biggest office deals were the acquisition by UFG REM of the Axialys I and II buildings in Saint-Denis for €127m. Invesco meanwhile bought the buildings on 23/25 rue Marignan and 36 rue Marbeuf in the 8th arrondissement of Paris for €143m.

Although offices are still investors’ favourites, accounting for about 64% of investment in France, retail is still popular, attracting 23%. Major shopping centres have changed hands, such as the Les Vergers de la Plaine in Chambourcy and Les 4 Chênes in Pontault Combault (Île-de-France) each for over €100m. Thanks to stable rents and low vacancy rates, investors have been keen on stores. However, they are still shunning industrial premises and warehouses, which accounted for just 5% of volumes invested in 2010. This is due to the rental markets, which have been thrown off balance by the economic downturn.

Although investors have mainly focused on secured deals, speculative off-plan schemes appear to have made a comeback in H2 2010. Indeed, three office buildings in Île-de-France have been acquired in this way. These are the Palatis in Montrouge (€65m), the Pointe Métro 2 in Gennevilliers (€62m) and the Axeo 2 in Arcueil (€47m). The buoyancy of the office rental market in Île-de-France, attractive yields and the scarcity of large new units, expected in certain sub-districts of the city by 2012/2013, have prompted investors to take speculative positions.

The fierce competition for guaranteed assets forced yields down in 2010. The prime yield for offices in the Central Business District of Paris is now between 4.5% and 5%. In conclusion, 2010 marks the turning point and the upturn in the commercial real estate investment market in France. In 2011, with the economy still fragile, investment should rise slightly to between €12bn and €14bn.
### INVESTMENT IN COMMERCIAL REAL ESTATE IN FRANCE (€ MILLION)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total amount invested in France</td>
<td>15,063</td>
<td>8,460</td>
<td>11,911</td>
</tr>
<tr>
<td>including amount invested in Ile-de-France*</td>
<td>8,448</td>
<td>5,262</td>
<td>8,277</td>
</tr>
<tr>
<td>Offices</td>
<td>64%</td>
<td>63%</td>
<td>64%</td>
</tr>
<tr>
<td>Industrial premises</td>
<td>7%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Retail</td>
<td>5%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Warehouses</td>
<td>8%</td>
<td>20%</td>
<td>23%</td>
</tr>
<tr>
<td>Services</td>
<td>16%</td>
<td>10%</td>
<td>8%</td>
</tr>
</tbody>
</table>

*source IPD / Immostat: Immostat is an economic interest group that recorded all unit transactions over 4 million euros concerning general commercial real estate (offices, industrial premises, warehouses, retail)

### Geographic breakdown

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>67%</td>
<td>70%</td>
<td>76%</td>
</tr>
<tr>
<td>Regions</td>
<td>33%</td>
<td>30%</td>
<td>24%</td>
</tr>
</tbody>
</table>

### Investment amount

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; € 5 million</td>
<td>553</td>
<td>448</td>
<td>385</td>
</tr>
<tr>
<td>€ 5 - 10 million</td>
<td>849</td>
<td>564</td>
<td>630</td>
</tr>
<tr>
<td>€ 10 - 20 million</td>
<td>1,614</td>
<td>794</td>
<td>789</td>
</tr>
<tr>
<td>€ 20 - 40 million</td>
<td>2,865</td>
<td>1,400</td>
<td>1,694</td>
</tr>
<tr>
<td>€ 40 - 100 million</td>
<td>3,999</td>
<td>2,795</td>
<td>4,157</td>
</tr>
<tr>
<td>&gt; € 100 million</td>
<td>5,183</td>
<td>2,459</td>
<td>4,256</td>
</tr>
<tr>
<td>Total</td>
<td>15,063</td>
<td>8,460</td>
<td>11,911</td>
</tr>
</tbody>
</table>

### Type of investors

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurances</td>
<td>16%</td>
<td>14%</td>
<td>25%</td>
</tr>
<tr>
<td>Property companies</td>
<td>28%</td>
<td>25%</td>
<td>22%</td>
</tr>
<tr>
<td>Funds</td>
<td>38%</td>
<td>32%</td>
<td>25%</td>
</tr>
<tr>
<td>OPCI</td>
<td>8%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>SCPI</td>
<td>8%</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>Private investors</td>
<td>1%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>
# INITIAL PRIME YIELDS

## Offices in Ile-de-France

<table>
<thead>
<tr>
<th>Area</th>
<th>Q4 2008</th>
<th>Q4 2009</th>
<th>Q4 2010</th>
<th>Trend 2009/2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris CBD</td>
<td>5.50 - 5.75%*</td>
<td>5.25 - 5.75%*</td>
<td>4.50 - 5.00%</td>
<td></td>
</tr>
<tr>
<td>Paris outside CBD</td>
<td>6.00 - 6.25%*</td>
<td>6.50%</td>
<td>5.70 - 6.20%</td>
<td></td>
</tr>
<tr>
<td>La Défense</td>
<td>6.25 - 6.75%*</td>
<td>6.50 - 7.00%*</td>
<td>5.60 - 6.20%*</td>
<td></td>
</tr>
<tr>
<td>Western Crescent</td>
<td>6.50 - 7.00%*</td>
<td>6.90%</td>
<td>5.80 - 6.30%</td>
<td></td>
</tr>
<tr>
<td>Inner Rim</td>
<td>6.75 - 7.25%*</td>
<td>6.50%</td>
<td>5.90 - 6.40%</td>
<td></td>
</tr>
<tr>
<td>Outer Rim</td>
<td>7.50 - 8.00%*</td>
<td>&gt; 7.50%*</td>
<td>6.50 - 7.00%</td>
<td></td>
</tr>
</tbody>
</table>

## Regional offices

<table>
<thead>
<tr>
<th>Area</th>
<th>Q4 2008</th>
<th>Q4 2009</th>
<th>Q4 2010</th>
<th>Trend 2009/2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aix/Marseille</td>
<td>6.75 - 7.00%*</td>
<td>7.00 - 7.30%*</td>
<td>6.20 - 6.50%*</td>
<td></td>
</tr>
<tr>
<td>Lyon</td>
<td>6.50 - 6.75%*</td>
<td>6.50%</td>
<td>6.10 - 6.40%</td>
<td></td>
</tr>
<tr>
<td>Lille</td>
<td>6.80 - 7.15%*</td>
<td>7.10 - 7.60%*</td>
<td>6.30 - 6.70%</td>
<td></td>
</tr>
<tr>
<td>Bordeaux</td>
<td>7.25 - 7.50%*</td>
<td>7.60 - 8.00%*</td>
<td>6.60 - 6.90%*</td>
<td></td>
</tr>
<tr>
<td>Toulouse</td>
<td>7.00 - 7.25%*</td>
<td>7.50 - 7.75%*</td>
<td>6.20 - 6.50%*</td>
<td></td>
</tr>
<tr>
<td>Nantes</td>
<td>7.50 - 7.75%*</td>
<td>7.55 - 7.85%*</td>
<td>6.50 - 7.00%*</td>
<td></td>
</tr>
<tr>
<td>Strasbourg</td>
<td>7.40 - 7.65%*</td>
<td>7.50%</td>
<td>7.00 - 7.50%*</td>
<td></td>
</tr>
</tbody>
</table>

## Grade A warehouses

<table>
<thead>
<tr>
<th>Area</th>
<th>Q4 2008</th>
<th>Q4 2009</th>
<th>Q4 2010</th>
<th>Trend 2009/2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>7.25 - 7.75%*</td>
<td>8.00 - 8.25%*</td>
<td>7.00 - 7.25%</td>
<td></td>
</tr>
<tr>
<td>Regions</td>
<td>7.75 - 8.25%*</td>
<td>8.20 - 8.75%*</td>
<td>7.00 - 7.25%</td>
<td></td>
</tr>
</tbody>
</table>

## Industrial buildings

<table>
<thead>
<tr>
<th>Area</th>
<th>Q4 2008</th>
<th>Q4 2009</th>
<th>Q4 2010</th>
<th>Trend 2009/2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>8.25 - 8.75%*</td>
<td>8.25 - 8.50%*</td>
<td>8 - 8.25%*</td>
<td></td>
</tr>
</tbody>
</table>

## Retail

<table>
<thead>
<tr>
<th>Area</th>
<th>Q4 2008</th>
<th>Q4 2009</th>
<th>Q4 2010</th>
<th>Trend 2009/2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street-level store in Paris</td>
<td>5.00 - 5.50%*</td>
<td>5 - 5.25%</td>
<td>4.25 - 4.50%</td>
<td></td>
</tr>
<tr>
<td>Shopping centre in France</td>
<td>5.50 - 6.00%*</td>
<td>5.75 - 6.25%*</td>
<td>5.50 - 6.00%*</td>
<td></td>
</tr>
<tr>
<td>Retail zone in France (suburban retail)</td>
<td>7.00 - 7.50%*</td>
<td>&gt; 8.00%</td>
<td>7.50 - 8.00%*</td>
<td></td>
</tr>
</tbody>
</table>

## Hotels

<table>
<thead>
<tr>
<th>Area</th>
<th>Q4 2008</th>
<th>Q4 2009</th>
<th>Q4 2010</th>
<th>Trend 2009/2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris (inner-city)</td>
<td>5.80 - 6.00%*</td>
<td>6.00 - 7.00%</td>
<td>5.90 - 6.50%</td>
<td></td>
</tr>
</tbody>
</table>

*Estimated yield
Definitions from A to Z...

Arbitrage: sale of a real-estate asset belonging to one investor to another investor.

CCI (Cost of Construction Index): index that makes quarterly measurements in construction prices for new house building. It is the price after VAT paid by the owner to construction companies. It excludes land-related prices and costs (site development, special foundations, etc.), fees and financial costs.

Developer sale: sale of an operation built by a developer to an investor.

Immostat: an Economic Interest Group founded in 2001, through an association between BNP Paribas Real Estate, CB Richard Ellis, DTZ Jean-Thouard and Jones Lang LaSalle. In the interests of consistency, the brokers adopted numerous joint definitions: market districts in Ile-de-France, conditions of buildings and premises, definitions of surface areas to be taken into account, rents, etc. The structure of the EIG guarantees the independence of data processing and respect for the confidentiality commitments of each of its members. It concerns the investment markets for corporate real estate and occupiers of warehouses greater than 5,000 m² as well as offices in the Paris area.

Investment fund: collective ownership of financial or real estate assets managed by a regulated and certified structure (fund manager). These include:

• Open-ended fund: a fund is open-ended when there is no limit to the shares issued.

• Closed fund: shares in a closed fund are only managed by the fund manager during the subscription period. A closed fund has a limited lifecycle.

• Pension fund: financial body that manages the funds from the accumulative pension system. This fund is the resources that employees from the public and private sectors have set aside over their professional lives to improve their retirement pension.

• Opportunistic funds: targets yields of over 17%, with gearing exceeding 60% of the gross asset value.

IRR (Internal Rate of Return): discount rate such that the sum of discounted future revenues equals the initial cost of investment.

Leverage effect: increasing the profitability of an investment by borrowing.

New or major-refurbished offices: real estate asset delivered less than five years ago.

NPV (Net Present Value): difference between the sum of discounted future revenues and the initial cost of investment.

OAT (French treasury bond): bond issued by the French government. It acts as a benchmark for the risk-free, long-term yield.

OPCI (French real estate investment fund): real estate funds. They come in two forms:

- Fonds de Placement Immobilier (FPI), real-estate investment funds for which the payout is taxed as classic property revenues,

- Sociétés de Placement à Prépondérance Immobilière & Capital Variable (SPPVCV) Variable capital, property-dominated investment funds for which the payout is taxed as dividends and share capital gains.

Portfolio: group of several assets located in different places.

Pre-letting: transaction signed by an occupier more than 6 months before the delivery of the building.

Property company: a company whose purpose is to acquire or construct buildings with a view to renting them, or owning stakes in companies with the same purpose.

Rent:

• Headline rent: annual rent per square metre, featured on the lease, and expressed excluding taxes and charges. Does not include attached premises such as parking areas, archives, staff canteens, etc. If the rental is progressive, the value applied is the average for the first three years or the fixed term of the lease.

• Average headline rent: Weighted average of rented area. The average featured is a moving average over three quarters, to smooth out the changes.

• Underlying rent: Annual rent per square metre expressed excluding taxes and charges and adjusted for advantages that may subsequently be agreed by the owner (rent incentives, building works, etc.).

• Prime rent: represents the top headline rent (excluding non significant transactions) for an office unit:

- of standard size

- of the highest quality and specification

- in the best location in each market.

• Top rent: represents the top headline rent for an office unit. It is not necessarily a prime rent.

Risk premium: measure of the difference between an asset or portfolio’s profitability and a risk-free asset (government bond).

SCPI (Société Civile de Placement Immobilier): collective investment company formed to acquire and operate real estate by issuing shares to the public.

Second hand: real estate assets delivered over five years ago.

SIIC (listed real estate investment company): the SIIC regime allows tax exemption on earnings as long as 85% of revenues are paid out to shareholders.

Speculative / Non-speculative operation: Speculative: construction launched without prior rental or sale to the occupier.

Non-speculative: construction launched after partial or complete sale or rental to an occupier.

Transfer: property asset belonging to an occupier sold to an investor.

Yield:

• Net: ratio between net income (excl. operating costs) and the acquisition price including all acquisition costs.

• Initial: ratio between the net rent before taxes and charges on the date of sale and the selling price (all costs included).

• Prime: net lowest yield obtained for the acquisition of a unit:

- of standard size,

- of the highest quality and specification,

- in the best location in each market.

BNP Paribas Real Estate Disclaimer clause

BNP Paribas Real Estate cannot be held responsible if, despite its best efforts, the information contained in the present report turns out to be inaccurate or incomplete. This report is released by BNP Paribas Real Estate and the information in it is dedicated to the exclusive use of its clients. The report and the information contained in it may not be copied or reproduced without prior permission from BNP Paribas Real Estate.

Should you no longer wish to receive this report, or wish to modify the conditions of reception of this report, please send an e-mail to: unsubscribe.mailing@bnpparibas.com
AT A GLANCE - INVESTMENT IN FRANCE - JANUARY 2011

PROPERTY DEVELOPMENT
Louis Basoudoin DECAIX
Tel. +33 (0) 1 47 59 24 34
louisbasoudoin.decaix@bnpparibas.com

CONSULTING
Sylvain HASSE
Tel. +33 (0) 1 47 59 22 24
sylvain.hasse@bnpparibas.com

VALUATION
Jean-Claude DUBOIS
Tel. +33 (0) 1 47 59 29 49
jean-claude.dubois@bnpparibas.com

PROPERTY MANAGEMENT
Jean-Claude TANGUY
Tel. +33 (0) 1 47 59 20 00
jean-claude.tanguy@bnpparibas.com

INVESTMENT MANAGEMENT
Etienne DUBY
Tel. +33 (0) 1 47 59 28 38
etienne.duby@bnpparibas.com
Jacqueline FAISANT
Tel. +33 (0) 1 47 59 26 94
jacqueline.faisant@bnpparibas.com

TRANSACTION
Thierry LAROCHE PONT
Tel. +33 (0) 1 47 59 23 35
thierry.larocq.pont@bnpparibas.com
Laurent BUCHE
Tel. +33 (0) 1 47 59 23 35
laurent.buche@bnpparibas.com

INVESTMENT IN FRANCE

HEADQUARTERS
13 boulevard du Fort de Vaux
75017 Paris
Tel. +33 (0) 1 55 65 20 04

GREATER PARIS
Bagnolet
Immeuble Les Mercuriales
40 rue Jean-laurs
93170 Bagnolet
Tel. +33 (0) 1 49 93 70 17

Levallois Perret
92, rue Jacques Ibert
92829 Levallois Cedex
Tel. +33 (0) 1 47 59 20 00

Montrouge
49/51 rue Maurice Arnoux
92541 Montrouge Cedex
Tel. +33 (0) 1 46 48 44 00

Saint-Ouen-l’Aumône
14 rue du Compas BP 49254
93185 Saint-Ouen Cedex
93078 Eergy Pontosse Cedex
Tel. +33 (0) 1 34 30 86 40

REGION
Annecy
PAG Des Glaisins
19, avenue du Pré-de-Chalies
74040 Annecy-le-Vieux
Tel. +33 (0) 4 50 64 12 12

Bordeaux
Les Bureau de la Cité
23, Parvis des Chartrons
33074 Bordeaux Cedex
Tel. +33 (0) 5 56 44 09 12

Clermont-Ferrand
Immeuble le Képer
3, rue Képer
63100 Clermont-Ferrand
Tel. +33 (0) 4 73 90 85 88

Dijon
Immeuble le Richelieu
10, boulevard Carnot
21000 Dijon
Tel. +33 (0) 3 80 67 35 72

Grenoble
Immeuble Le Grenet
3, avenue du Doyen Louis Weil
38000 Grenoble
Tel. +33 (0) 76 85 43 43

Lille
100, Tour de Lille
Boulevard de Turin
59777 Euralille
Tel. +33 (0) 3 20 06 99 00

Lyons
Tour Part-Dieu
129, rue Servient
69326 Lyon Cedex 3
Tel. +33 (0) 4 78 63 62 61

Marseille
44, boulevard de duquerque
1311527-13235 Marseille Cedex 2
Tel. +33 (0) 4 31 56 03 03

Metz
WTC Technopole de Metz
2, rue Augustin Fresnel
57082 Metz cedex 3
Tel. +33 (0) 3 87 37 20 10

Montpellier
Immeuble Le Triangle
26, allée Tules Milhau
34501 Montpellier Cedex 02
Tel. +33 (0) 4 97 29 43 60

Mulhouse
Immeuble Europe
20, places des Halles
67000 Strasbourg
Tel. +33 (0) 3 88 22 19 44

Nancy
1-3 rue de Turique
54000 Nancy
Tel. +33 (0) 3 83 95 88 88

Nantes
10, rue du Président Herriot
BP 91611
44016 Nantes Cedex 1
Tel. +33 (0) 2 40 89 30 61

Nice
Immeuble Phoenix – Arènas
455, promenade des Anglais
06265 Nice Cedex 9
Tel. +33 (0) 4 93 38 08 88

Orléans
16, rue de la république
45000 Orléans
Tel. +33 (0) 2 38 62 09 91

Rennes
Centre d’affaires Athéas
11, rue Louis-Kerautret Botmel
35002 Rennes
Tel. +33 (0) 2 29 22 85 55

Rouen
Immeuble le Bretagne
57, avenue de Bretagne
76108 Rouen Cedex 1
Tel. +33 (0) 2 35 72 15 50

Strasbourg
Immeuble Europe
20, places des Halles
67000 Strasbourg
Tel. +33 (0) 3 88 22 19 44

Toulouse
Immeuble le Sully
1, place Octavane BP 80726
31007 Toulouse Cedex 6
Tel. +33 (0) 5 61 23 56 56