LOCATIONS IN FRANCE

HEADQUARTERS
167, Quai de la Bataille de Stalingrad
92867 Issy-les-Moulineaux Cedex
Tel.: +33 (0)1 55 65 20 04

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

Issy-les-Moulineaux
167, Quai de la Bataille de Stalingrad
92867 Issy-les-Moulineaux Cedex
Tel.: +33 (0)1 55 65 20 04

Saint-Ouen-L’Aumône
14 rue du Compaq BP 49254
95078 Cergy-Pontoise Cedex
Tel.: +33 (0)1 34 30 86 40

REGIONS
Annecy
PAE Des Glaisins
19, avenue du Pré-de-Challes
74940 Annecy-le-Vieux
Tel.: +33 (0)4 50 64 12 12

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

Clermont-Ferrand
Immeuble le Kléper
3, rue Kléper
63100 Clermont-Ferrand
Tel.: +33 (0)4 73 90 89 88

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

Grenoble
Immeuble Le Grenat
3, avenue du Doyen Louis Weil
38000 Grenoble
Tel.: +33 (0)4 76 85 43 43

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

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

Marseille
44, boulevard de Dunkerque
13235 Marseille Cedex 2
Tel.: +33 (0)4 91 56 03 03

Metz
WTC-Technopôle de Metz
2, rue Augustin Fresnel
57082 Metz Cedex 3
Tel.: +33 (0)3 87 37 20 10

Montpellier
Immeuble Le Triangle
26, allée Jules Milhau
34265 Montpellier Cedex 02
Tel.: +33 (0)6 67 92 43 60

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

Nancy
Immeuble Les Portes d’Austrasie
40 rue Victor
54000 Nancy
Tel.: +33 (0)3 83 95 88 88

Nantes
14, mail Pablo Picasso
BP 51611
44016 Nantes Cedex 01
Tel.: +33 (0)2 40 20 20 20

Nice
Immeuble Phoenix – Arénas
455, promenade des Anglais
06285 Nice Cedex 3
Tel.: +33 (0)4 93 18 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
35000 Rennes
Tel.: +33 (0)2 22 85 35

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

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

Toulouse
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1, place Occitane BP 80726
31007 Toulouse Cedex 6
Tel.: +33 (0)5 61 23 56 56

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SUMMARY

2011: best year for the logistics market in three years
After a gloomy start to the year, the logistics market has risen constantly from quarter to quarter. These healthy annual figures are largely attributable to the return of logistics providers and reorganisation among mass retailers.

Fine performance by the French logistics market
• Take-up in France in 2011 stood at 2.2 million m², i.e. an increase of 33% vs. 2010.
• Availability continued to decline: -18% in one year, to 3.1 million m² by December 2011.
• Major cities on the North-South axis accounted for 89% of transactions but other regions are also active, particularly to the East.

Greater Paris still dominates the market
• Take-up in 2011 stood at 1.2 million m², including many turnkey and owner-occupier deals (388 000 m²).
• Availability, which stands at 1.4 million m², fell for all warehouse categories in 2011.

Strong recovery by regional markets on the north-south axis
• In Lyon, thanks to an outstanding first half, 332,000 m² of take-up was recorded in 2011 including many new grade A warehouses.
• With 225,000 m² taken up in 2011, the Lille market is back to its long-term level whereas availability has fallen sharply (-52% in a year).
• In Marseille, although the number of deals has remained stable, the volume has increased over a year and represents 194,000 m², while availability has fallen below the level of take-up (147,000 m²).
• Conversely, the Orléans market is struggling to recover: there were only five deals in 2011 for 68,000 m², with little in the way of high quality space available.

Investment in logistics still experiencing difficulties
• Investment in logistics stood at € 725m in 2011, i.e. an increase of 26% vs. 2010, but still well below the long-term average.
• The prime yield has declined, down to 7.15% in Q4 2011.
MACROECONOMIC BACKDROP

Although 2011 started very well, with French economic growth gathering pace over Q1 (+0.9%), the trend was curtailed by events over the summer. Against all expectations and in a context of wariness related to the worsening of the European sovereign debt crisis, French GDP increased by +0.2% in Q4, bringing its annual growth to +1.7%. After reaching 9.3% in Q3 2011, the unemployment rate should rise in 2012. Insofar as the utilisation rate of production capacities is short of its long-term average, financing conditions will be less appealing and corporate investment is likely to remain limited. Consequently, French economic growth is set to weaken significantly in 2012 down to +0.3%, which is nevertheless well ahead of the poor performance of 2009 (-2.6%).

Slowing industrial production

Industrial production, which contracted between 2008 and 2009, picked up again in 2010 (+4.3%). Its growth slowed over 2011, falling from +4.6% in Q1 to +0.6% in Q4 on a rolling year basis. The biggest increase was in coking and refinery (+16% in one year), followed by the manufacture of electrical-electronic-IT products, whereas energy-water extractive industries decreased by 3%. The contraction in industrial production is likely to continue, as shown by the deterioration in business confidence surveys and in particular business leaders’ forecast on the production in their own company. Consequently, it should decline by 0.5% in 2012.

Household consumption holding up despite sinking confidence

Household spending, which started to climb in 2010 (+1.2%), dipped again from Q3 and reached +0.3% over FY2011. However, its stability has been encouraging in the current context and may be interpreted as resilience. There was a fall in spending on petroleum products (-6% in 2011 vs. 2010), energy-water (-5%) as well as textile & leather, and cars. Conversely, consumption has risen of certain goods, such as household equipment (+3%), consumer durables (+1%) and food (+0.3%). Household purchasing power has suffered from surging inflation, mainly due to the rise in commodity and food prices. Domestic consumption is likely to stagnate in 2012, at +0.2%.

Households are considerably more pessimistic than companies. Indeed, their confidence levels are well below the historical average and barely above the rock-bottom levels of 2008-2009, at the nadir of the recession. The recovery in household confidence in 2009 was curtailed with the first signs of European sovereign debt tensions in early 2010. Since then, apart from a brief rally in H2 2010, household confidence has been in gradual decline.

Rise in foreign trade

After the robust revival of 2010, growth in foreign trade slowed in 2011 but at last exceeded its pre-crisis level. Exports grew by +5% in 2011, boosted by healthy food and luxury goods sales. The rise in imports (+5%) stemmed mainly from the rising cost of commodities, weighing heavily on the energy bill. Foreign trade growth is likely to weaken further in 2012: +1.7% for exports, +1.4% for imports. The deficit fell to -€ 69.6bn in 2011 vs. -€ 51.5bn in 2010. It could increase to -€ 73bn in 2012.
In 2011, 2.2 million m² were transacted in logistics in France, i.e. a rise of 33% vs. 2010. After a glum start to the year, the market improved steadily from quarter to quarter, reaching a record 875,000 m² by Q4. As such, 2011 was the best in three years for the French logistics market.

An outstanding level of take-up

These healthy figures are partly due to the resurgence of logistics providers who are highly sensitive to the economic climate. They had cut back their take-up level on the logistics market substantially with the downturn in business in 2009. They picked up again in 2011 and leased a lot more space. In particular, ND Logistics rented a 50,000 m² warehouse in Coudray-Montceaux (south of Île-de-France) to provide logistics for Nestlé and Carrefour. In Isère, Morin Logistic rented 32,000 m² in the context of its e-business, notably for King Jouet.

Furthermore, retailers have been very busy, with 64 of the 145 deals recorded in 2011. They take bigger units that other occupiers. As such, Boulanger signed a turnkey deal for a 50,000 m² unit in Maine-et-Loire.

Fall in supply, particularly for new premises

At the same time, availability within a year began to decline from the beginning of the year, down to 3.1 million m² by December 2011 (i.e. a fall of 18% vs. December 2010). There were two reasons for this contraction: the outstanding level of take-up and the virtual absence of any new available space coming onto the market. Indeed, only two speculative schemes under construction were recorded by the end of 2011: one in Greater Paris measuring 19,000 m² in Molosy-Cramayel and one of 5,500 m² in the Bas-Rhin region.

The lower availability applies to all warehouse categories. The supply of new grade A premises, a favourite among occupiers, has fallen by 33% in one year. To contend with this lack of new available space, occupiers have turned to second-hand grade A warehouses, of which the supply had been increasing constantly since 2006. They also opted for owner-occupier and turnkey deals, which were particularly numerous in 2011 at 693,000 m².

New supply only accounts for 17% of the total availability, i.e. its lowest level since 2004. Nevertheless, a growing number of schemes have been put on hold but for which planning permission has been granted or is pending. These represented 1.8 million m² in December 2011.

Retracting around fundamentals

The logistics markets of the main cities on the North-South axis performed particularly strongly in 2011. Take-up in Lyon, Lille and notably Marseille increased after having slumped in 2010. Occupiers are also more demanding and choosing their locations in well-established logistics markets with substantial consumption and employment catchment areas. Having transport infrastructure nearby is a necessary condition but not the only one, as illustrated by Orléans. Areas away from the axis only accounted for 11% of transactions in 2011, but certain markets were dynamic, particularly in the north. There were 10 deals in Strasbourg totalling 79,000 m² and to the north of Mulhouse, Decathlon has its own 36,000 m² warehouse built.

Outlook for 2012

The logistics market should fare well again in 2012. The level of demand registered so far this year is still satisfactory. Despite the current economic context and new modes of consumption that are shaking up the sector, we expect a good level of transactions, but a continued decline in grade A availability. These various factors suggest that rents should recover in 2012.
SUPPLY IN FRANCE - 31 DECEMBER 2011

Supply within a year (existing supply and space under construction)
Planning permission granted

Total area (m²)*

- 200,000
- 150,000
- 75,000
- 50,000
- 25,000

* data per city

TAKE-UP IN FRANCE - 2011

- Grade A
- Other

Total area (m²)*

- 100,000
- 75,000
- 50,000
- 25,000

* data per city
After having begun the logistics market recovery in 2010, Greater Paris enjoyed a very good year in 2011, largely thanks to a high volume of take-up in H2 (780,000 m²).

**A record level of transactions**

Greater Paris performed well in 2011, with 1.2 million m² transacted (+38% in one year), of which 388,000 m² owner-occupier and turnkey deals. The increase in transactions applied to all parts of the region. New grade A warehouses were much in demand and take-up of these premises increased by 30% in a year. Second-hand grade A warehouses alone accounted for a third of total take-up in 2011 compared to just 20% in 2010, proving that these are still popular among occupiers.

Major national retailers, overhauling their logistics organisations, accounted for 60% of deals in the region. In particular, we would mention Franprix, which took 50,000 m² in Saint-Mard, Déathlon for 33,000 m² in Marne-la-Vallée and FNAC for 23,000 m² in Wissous. Logistics providers were also active, such as ND Logistics with 50,000 m² in Coudray-Montceaux and Crosslog with 16,000 m² in Moissy-Cramayel. Furthermore, major deals (over 40,000 m²) have made a comeback and five were recorded in 2011.

**Gradual decline in availability**

Availability within a year fell by 7% to 1.4 million m² of which only 14% of new warehouses. The biggest decline was in new grade A warehouses (-34%), ahead of second-hand grade A warehouses (-9%). Grade B and C premises remained flat. Developers as well as investors are not yet ready to resume speculative operations.

The few new grade A warehouses still available are mainly in the Outer Rim. Second-hand grade A warehouses, for which availability is in decline, are mostly to the south of Ile-de-France and particularly around the Sénart hub.

**Urban logistics stimulating transactions**

Mainly second-hand grade B and C warehouses are located close to Paris. They are far from being shunned by occupiers as they are often well located and maintained. Indeed, occupiers whose flows of goods converge on Paris often favour proximity to the capital over other factors such as lower rents or more modern premises. Because of the land cost, pollution and noise, there are few new warehouses built close to Paris, which creates a shortage of supply. However, companies are always trying to get closer to Paris particularly when this proximity implies added value, such as for cold-chain logistics. In these cases, the saving related to shorter trips may be worth the additional rent.

**Outlook for 2012**

The fall in availability should be greater in 2012 such that there may be a shortage of grade A warehouses in certain areas such as Saint-Ouen-l’Aumône, Marne-la-Vallée or even the North of Ile-de-France. To contend with this fall in availability, rents may start to rise again slightly from 2012. In 2011, they ranged from € 44 to € 53 on average. Furthermore, the market should continue to be driven by a number of major turnkey schemes.
SUPPLY* IN GREATER PARIS - 31 DECEMBER 2011

* Existing supply and space under construction

TAKE-UP IN GREATER PARIS - 2011
As this was the case in the main French cities, the Lyon region enjoyed an outstanding year in 2011. Logistics transactions got back above their long-term average (306,000 m²) with 332,000 m² recorded in 2011. Lyon thereby confirmed its ranking as the top regional logistics market in France.

**Take-up recovered from the beginning of the year**

After a disappointing year in 2010 for the Lyon market, take-up rose sharply in 2011 (+68%) starting from the first half of the year. These strong figures were thanks to the recovery in demand from the end of 2010 culminating in decisions being made in 2011.

Occupiers were particularly keen on new grade A warehouses, taking advantage of the plentiful availability for this type of building. These accounted for 55% of take-up. In particular, we note the lease by Conforama of a 43,000 m² warehouse in Saint-Georges-d’Espérance (Isère).

The market was also driven by a number of owner-occupier and turnkey deals, including Carrefour with 18,000 m² on Plaine de l’Ain and Dimotrans with 23,000 m² to the east of Lyon. These transactions were representative of two major trends in logistics in 2011 in Lyon: the strong performance by retailers, who selected large units, and the return of logistics providers (ID Logistics, Geodis, Morin Logistic, Gefco, STEF) mainly to the north of Isère. There were many deals around Isle d’Abeau, at the expense of the area to the east of Lyon, which is usually busier.

**Slump in new supply**

Between December 2010 and December 2011, immediate availability of new warehouses slumped by 54% over the year and only six new units were available in the region, of which half was in North Isère and Plaine de l’Ain. Furthermore, there was no space under construction in December 2011 but the volume of planning permission granted has increased, a sign that new supply may join the pipeline soon as developers’ confidence returns.

The decline in second-hand supply was less marked (-12%), as although relocations consume the units available, they also release warehouse space onto the market.

**Outlook for 2012**

As the availability of new grade A warehouses was drastically reduced by take-up in 2011 (15% of the total supply), there is a risk that occupiers will no longer find premises to meet their needs. They may then resort to second-hand premises, of which there are still plenty, particularly on Isle d’Abeau; or opt for turnkey solutions. Rents, which were particularly stable in 2011 (€ 40-42), may rise for new warehouses, but still with substantial incentive measures for second-hand warehouses.
SUPPLY* IN LYON - 31 DECEMBER 2011

**LOCAL MARKETS**
- Lyon
- Saint-Etienne
- Marseille
- Valence
- Dijon
- Paris
- Annecy
- Turin
- Genève

**NEW GRADE A**
- Total area (m²): 130,000

**SECOND HAND GRADE A**
- Total area (m²): 75,000

**OTHER**
- Total area (m²): 25,000

**TAKE-UP IN LYON - 2011**

**LOCAL MARKETS**
- Lyon
- Saint-Etienne
- Marseille
- Valence
- Dijon
- Paris
- Annecy
- Turin
- Genève

**NEW GRADE A**
- Total area (m²): 130,000

**SECOND HAND GRADE A**
- Total area (m²): 75,000

**OTHER**
- Total area (m²): 25,000

* Existing supply and space under construction

Diagram sources: Mappin, BNP Paribas Real Estate - Research - February 2012
After two tough years for the Lille market, it has rediscovered its pre-crisis advantages: a non-speculative market characterised by low availability and regular deals by domestic and international players.

An outstanding year for take-up
Take-up in Lille has increased by 35%, restoring the city to its long-term level: 225,000 m² taken up in 2011 for 222,000 m² on average over a long period. With regard to grade A warehouses, we note the rental of a new 41,000 m² unit by Gifi at Logistiparc Nord (Douai area) and the lease by logistics provider Fabry of 23,000 m² at Distripôle d’Houplines. Grade B and C warehouses enjoyed the most robust growth on the Lille market. As such, Logistique Grimonprez made two major deals for second-hand grade B buildings: the first for 47,000 m² in Lesquin and the second for 25,000 m² to the north of Tourcoing. The technical fabrics manufacturer Dickson Constant bought a grade B warehouse of 11,000 m² in Lesquin. Logistics provider Cotrem rented a grade C warehouse of 19,000 m² in Leers.

Two local players stood out in 2011: 3 Suisses had its own 40,000 m² warehouse built in Hem and ID Logistics continued its expansion in the Douai district by starting construction on a 43,000 m² warehouse.

Availability back below the level of transactions
Existing availability has fallen sharply in Lille since the end of 2010 (-52%), to 132,000 m². This decline applies particularly to second-hand warehouses, which have managed to attract occupiers, but also new warehouses. There are actually only two warehouses left in Lille as of 31 December 2011, representing 24,000 m².

Lille has a number of development prospects, with 105,000 m² of planning permission granted for non-speculative schemes in La Chapelle d’Armentières, Libercourt, Delta3 and Douaisis. Moreover, planning permissions have been submitted for a further 230,000 m². In the longer term, the Seine-Nord Europe canal, by offering a consistent waterway between the Paris basin and Benelux, will represent a development opportunity. It should be operational in 2017 and spawn new logistical zones, including one at Cambrai-Marquion.

Outlook for 2012
In 2012, owner-occupier and turnkey schemes are likely to return to Lille due to the low availability of warehouses. Rents, which rose slightly in 2011 (€ 42-43), may rise again.
SUPPLY* IN LILLE - 31 DECEMBER 2011

* Existing supply and space under construction

TAKE-UP IN LILLE - 2011
MARSEILLE

Marseille was hit hard by the downturn in 2009 and 2010. Although the market is struggling to match its glory years of 2006 – 2008, the situation improved substantially in 2011.

The return of major transactions

At 194,000 m² in 2011, take-up recovered by exceeding its long-term average (170,000 m²). The biggest increase in transactions over the year was for second-hand grade A warehouses. Indeed, immediate supply for the premises in this category has been abundant (due to releases during the downturn) whereas there are fewer new premises. By way of example, Gifi leased a 21,000 m² second-hand grade A warehouse in the Clésud zone.

Although take-up was high in 2011 there were actually only eight deals, i.e. one less than in 2010. Indeed, the healthy performance of the Marseille market in 2011 was partly attributable to two particularly large transactions, including a turnkey rental of 50,000 m² in Saint-Martin-de-Crau by Maisons du Monde. The second major deal was in Fos Distriport, where Geodis rented a 64,000 m² warehouse for logistics related to Mattel. Fos Distriport thereby managed to restore a healthy trend after a few tough years. Take-up there totalled 97,000 m² in 2011, including the lease by Ceva of 24,000 m².

For some years now, the leading national and international logistics providers as well as shippers have been attracted to Marseille, which has established itself as the regional logistics hub. The city has high expansion potential as a maritime port for international freight. As the 13th European port in terms of container traffic in 2010, Marseille should be able to improve its ranking thanks to various schemes. It is currently gradually bringing the two Fos 2XL terminals into operation and is already planning Fos 3XL and Fos 4XL projects in the longer term. Meanwhile the Mourepiane combined transport terminal should enter into service in 2015.

Absorption of second hand supply

Existing supply decreased by 42% between December 2010 and December 2011 to 147,000 m², falling back below the level of take-up. This decline applies to all warehouse categories and particularly second-hand grade A premises thanks to the level of transactions. There was no space under construction in December 2011 and the volume of planning permission granted has been stable at 164,000 m².

New supply accounts for 57% of the total and is mainly located at Fos Distriport (81,000 m² of grade A warehouses). The Clésud area also has some grade A availability and is currently the subject of various non-speculative schemes.

Outlook for 2012

Marseille should remain stable in 2012. Rents, which climbed slightly in 2011 to € 40-42, may rise further.
**SUPPLY IN MARSEILLE - 31 DECEMBER 2011**

- New Grade A
- Second hand Grade A
- Other

<table>
<thead>
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<th>Total area (m²)</th>
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<tbody>
<tr>
<td>130,000</td>
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<tr>
<td>75,000</td>
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<tr>
<td>25,000</td>
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<tr>
<td>5,000</td>
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</tbody>
</table>

* Existing supply and space under construction

**TAKE-UP IN MARSEILLE - 2011**

- New Grade A
- Second hand Grade A
- Other

<table>
<thead>
<tr>
<th>Total area (m²)</th>
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<tr>
<td>130,000</td>
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<td>5,000</td>
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Like the other main established logistics areas in France, Orléans has not managed to pick itself up after the 2009 downturn. However, there was a flurry of activity in logistics in 2011 that may be the beginning of a more marked return in the coming years.

**Take-up still at a low level**

There were five deals in Orléans in 2011, of which three by logistics providers. Of these, two second-hand grade C warehouses were leased: one of 13,000 m² by Norbert Dentressangle in Ormes and the other by GT Logistics for 7,200 m² to the north of Orléans.

Take-up in 2011 came to 68,000 m², i.e. growth of 82% in one year. However, take-up was particularly low in 2010 and the 2011 level is still far short of the long-term average (105,000 m²).

The weak trend in the Orléans market is in stark contrast to its outstanding regional position, with its proximity to Paris and its road infrastructure (A10, A71, A19 motorways). Orléans also has a substantial employment and consumption catchment area that has helped the logistics market to expand. Historically, the big distribution platforms in the area have been made up of owner-occupier and turnkey premises.

Firstly, the difficulties being experienced by the logistics market in Orléans are due to the very limited rental availability of standardised quality premises. Indeed, supply remains fairly low (81,000 m² in December 2011). Second-hand grade A (notably in Ormes) and grade B warehouses accounted for 80% and 20% respectively. In technical terms, these often fail to match the requirements of the current supply chain.

Secondly, the owner-occupier and turnkey deals that had driven the market for several years have become rarer. There was just one in 2011: Amazon is pressing ahead with its extension at Saran with a turnkey of 23,000 m².

Nevertheless, Orléans is set to remain a leading logistical city, as proven by the continued interest that major logistics providers continue to show. Moreover, a planning permission is submitted for a non-speculative 51,000 m² scheme in Saint-Cyr-en-Val.

**Outlook for 2012**

It is difficult to forecast what will happen to the logistics market in Orléans in 2012. On the one hand, Orléans is still contending with competition from the South of Ile-de-France with its plentiful availability and moderate rents. On the other hand, there has been resurgent demand registered by BNP Paribas Real Estate, but its transformation to take-up is uncertain. Rents, which remained stable in 2011 at an average of € 40, are unlikely to move by much.
SUPPLY* IN ORLÉANS - 31 DECEMBER 2011

* Existing supply and space under construction

TAKE-UP IN ORLÉANS - 2011

- New Grade A
- Second hand Grade A
- Other

Total area (m²)

- 130,000
- 75,000
- 25,000
- 5,000

* Existing supply and space under construction
INVESTMENT IN LOGISTICS

Lacklustre recovery

Investment in logistics increased by 26% in 2011 compared to 2010, up to €725m. Despite this encouraging trend, investment in this asset segment since 2009 has been well below the long-term average of around €1bn. Against a still fragile economic backdrop, investors are opting for the most liquid assets on the most mature markets. Warehouses are considered to be riskier assets than offices or retail premises. As such, the share of equity required by banks is greater. Consequently, only 4% of investment in 2011 concerned warehouses in France. Nevertheless, investors are returning to this niche, albeit mostly to grade A warehouses, which accounted for 72% of investment. A significant number of portfolios helped to drive the market: these accounted for 64% of investment in warehouses in 2011.

Rental market holding up well

One of the aspects of the recovery has been the improvement in the rental market. Indeed, there was a 33% increase in occupier transactions in 2011. This trend was notably attributable to the boom in e-business, which enjoyed a historic performance. However, the availability of premises for sale remains the deciding factor for investment. Risk-averse investors prefer high-quality assets located in strategic districts on long leases. After a low level of supply in 2010, more premises were put up for sale in 2011. This also helped to buoy the market.

Among the most significant deals was the acquisition by Curzon GLL Real Estate of 6 logistics sites (280,000 m²) for €177m from AEW Europe. Furthermore, Argan has bought two warehouses, leased for 9 years with no break option to FM Logistic for €76m.

Yields for the best logistics assets have continued the decline that began in 2010. The prime yield stood at 7.15% in Q4 2011. Grade B or C warehouses currently only account for a small proportion of the market. Often acquired by opportunistic investors, they rarely find takers below 9%.

Encouraging prospects

Despite an expected contraction in the overall market, investment in logistics should be higher in 2012. Indeed, the market should be driven by deals for certain major portfolios. Although there are some opportunistic investors circling this market, most buyers are confining themselves to secured assets. As such, investment in logistics in 2012 should exceed €1bn.
KEY FIGURES

<table>
<thead>
<tr>
<th>Cities*</th>
<th>TAKE-UP</th>
<th>SUPPLY (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Volume (m²)</td>
<td>Number</td>
</tr>
<tr>
<td>Aix/Marseille</td>
<td>81,000</td>
<td>194,000</td>
</tr>
<tr>
<td>Annecy</td>
<td>36,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Bordeaux</td>
<td>47,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Clermont-Ferrand</td>
<td>12,000</td>
<td>-</td>
</tr>
<tr>
<td>Dijon</td>
<td>55,000</td>
<td>24,000</td>
</tr>
<tr>
<td>Grenoble</td>
<td>42,000</td>
<td>-</td>
</tr>
<tr>
<td>Lille</td>
<td>167,000</td>
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</tr>
<tr>
<td>Lyon</td>
<td>198,000</td>
<td>332,000</td>
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<tr>
<td>Metz</td>
<td>14,000</td>
<td>-</td>
</tr>
<tr>
<td>Montpellier</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mulhouse</td>
<td>9,000</td>
<td>41,000</td>
</tr>
<tr>
<td>Nancy</td>
<td>-</td>
<td>15,000</td>
</tr>
<tr>
<td>Nantes</td>
<td>-</td>
<td>23,000</td>
</tr>
<tr>
<td>Nice/Sophia</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Orléans</td>
<td>37,000</td>
<td>68,000</td>
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<tr>
<td>Greater Paris**</td>
<td>843,000</td>
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<tr>
<td>Rennes</td>
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<td>5,000</td>
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<tr>
<td>Rouen</td>
<td>74,000</td>
<td>-</td>
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<tr>
<td>Strasbourg</td>
<td>7,000</td>
<td>79,000</td>
</tr>
<tr>
<td>Toulouse</td>
<td>26,000</td>
<td>25,000</td>
</tr>
</tbody>
</table>

* 20 cities where BNP Paribas Real Estate is established - ** Immostat-IPD, BNP Paribas Real Estate

AVERAGE RENTS - GRADE A

Excl. VAT and charges Q4 2011 (last 12 months)
The numerical data used by BNP Paribas Real Estate for its statistics feature all the information brought to our knowledge that is often confidential to begin with.

Definitions

CPI (Cost of Construction Index): Index that makes quarterly measurements of 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.

Existing supply: All completed buildings actively seeking rental or sale to occupiers.

Highly functional warehouses: Used also to name Grade A warehouses.

HQE: Voluntary initiative for high-quality environmental management of construction or refurbishment of buildings. This is an initiative by real estate and construction professionals and is subject to a certification procedure drawn up by AFNOR (Association Française de Normalisation).

Lease turnkey: construction of a building for an occupier who has signed a lease on a property still to be built.

Licence to operate: Concerns units classified for environmental protection (installations classées pour la protection de l’environnement – ICPE). Authorisation is required for units that harbour potential risks or dangers. The classification of units establishes parameters such as size, products used or stored and the use of certain substances. All covered warehouses measuring over 50,000 m² must have at least 1510 authorisation.

Logistics: The process of planning, implementing, and controlling procedures for the efficient and effective transportation and storage of goods, and related information from the point of origin to the point of consumption. Includes inbound, outbound, internal, and external movements.

New supply: All building restructuring that adds to the existing stock. These are analysed according to progress:
- Completed new supply: buildings on which construction work is finished.
- Under construction: buildings on which construction has effectively begun. Prior demolition work is not taken into account.
- Planning permission granted: authorisation to build obtained, generally booked after settlement of third party claims.
- Planning permission submitted: planning permission requested, being processed.
- Projects: identified intention of a building operation for which no request has been filed.

New/major refurbished: Premises that have never been occupied in new buildings less than five years old.

North-South Axis: This is what BNP Paribas Real Estate calls the logistical «corridor» in France. It is based along the A1, A5 and A6 motorways, which cross France from North to South. Its main agglomerations are Greater Paris, Lyon, Marseille, Lille and Orléans. It comprises the main catchment areas of consumption and employment and currently includes most of the supply and transactions in France.

OPCI (Organisme de Placement Collectif Immobilier): French 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 à Capital Variable (SPPICV) Variable capital, property-dominated investment funds for which the payout is taxed as dividends and share capital gains.

Owner-occupier development: construction of a building for an occupier who has signed a bill of sale on a property still to be built.

Portfolio: Group of several assets located in different places.

Rent: Common headline rent, expressed per square metre per year, and excluding taxes and charges.

Reverse logistics: a specialised segment of logistics focusing on the flow of goods from the point of consumption to point of origin:
- after sale and delivery to the customer for repair and/or credit
- for the purpose of recapturing or creating value or improper disposal at the end of the product life cycle.

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

Second hand premises: Premises that have been previously occupied by an occupier or vacant for more than five years.
- Renovated: premises that have been renovated for the new occupier.
- Very good condition: high-performance premises of high quality.
- Existing state of repair: low-performance premises that can be rented as they are.
- To be renovated: low-performance premises that need renovation.

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.

Supply chain: All the elements in the process of supplying a product to a customer. The chain begins with the sourcing of raw materials and ends with the delivery of finished merchandise to the end-user. It embraces vendors, manufacturing facilities, logistics service providers, distribution centres, distributors, wholesalers, other intermediaries, etc.

Supply chain management: Encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities.

Transaction (Take-up): Rental or sale to an occupier of a real estate asset, sealed by the signature of a lease or deed, including turnkey and owner-occupier operations. The transaction is only taken into account once any existing conditional clauses have been lifted.

Urban areas / Dispersed: Urban areas encompass the market locations where BNP Paribas Real Estate is established and in which market data has been collected consistently for several years. Everything not included in the scope of these urban areas has been classified as «dispersed».

Warehouses: Buildings intended for storage, distribution or packaging. Their classification has been established by the Observatoire Régional de l’Immobilier d’Entreprise (ORIE) in Ile-de-France. These include:
- Grade A warehouses: highly functional warehouses. Features must include height over 9.3 metres, bay area with depth of over 35 metres, one platform for every 1,000 m², ground resistance of at least 5 tonnes/m², heating, sprinkler system.
- Grade B warehouses: warehouses complying to modern standards. Features must include height of over 7.5 metres, bay area with depth of over 32 metres, one platform for every 1,500 m², ground resistance of at least 3 tonnes/m², sprinkler system.
- Cross-docked warehouses: distribution premises (packing-unpacking) of average height and width, with platform doors facing out along the length of the building.
- Refrigerated warehouses: with thermal insulation and a cold source that can reach and maintain a low temperature (positive cold storage room: > 0°C or negative cold storage room: < 0°C).

Grade C warehouses: all warehouses not covered in other categories.

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.

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