LOCATIONS IN FRANCE

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

ÎLE-DE-FRANCE
Bagnolet
Immeuble Les Mercuriales
40 rue Jean Jaurès
93170 Bagnolet
Tel.: +33 (0)1 49 93 70 00

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 Compa
BP 9078 Cergy Pontoise Cedex
Tel.: +33 (0)1 34 30 86 40

RÉGIONS
Annecy
PAE Des Glaisins
19, avenue du Prè-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 Eurolille
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 Dunkerque
CS11527
13297 Marseille Cedex 2
Tel.: +33 (0)4 91 54 03 03

Metz
WTC-Technopôle de Metz
2, rue Augustin Fresnel
57082 Metz Cedex 3
Tel.: +33 (0)3 87 37 01 10

Montpellier
Immeuble Le Triangle
26, allée Jules Milha
34265 Montpellier Cedex 01
Tel.: +33 (0)4 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 61811
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 Athéa
11, rue Louis Kerautret-Botmel
35000 Rennes
Tel.: +33 (0)2 99 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, place des Halles
67000 Strasbourg
Tel.: +33 (0)3 88 22 19 44

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

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Macroeconomic backdrop 5
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After an exceptional year in 2010, office take-up in the 16 main regional cities only showed a very limited decline (-3%) in 2011. This healthy market performance is thanks to brisk business for units of over 1,000 m², mainly driven by the private sector. Meanwhile, availability within a year has remained constant at 2.3 million m². Consequently, the market balance has been fragile, bearing in mind that supply is still high.

**Difficult economic backdrop in 2012**
- Weak economic growth: from +1.7% in 2011 to +0.5% in 2012
- Slump in the job market in 2012 (-0.5%)

**Regional office market proves resilient**
- Take-up of 1,246,000 m² (excl. owner-occupier deals) in 16 cities, vs. 1,288,000 m² in 2010
- A remarkable performance by the Lyon market (261,000 m² of take-up)
- Take-up set to contract in 2012 (-10%)

**Mixed situation in terms of availability**
- Building starts have doubled over one year, which is a good sign given that new supply declined by 27%
- The shortage of new office availability persists in 2011 and 2012 for the main regional business districts
- Second-hand supply, which is partly made up of obsolete premises, has been growing at the same pace for the past two years (+2.5%)

**Fine performance by the investment in the regions**
- Increase of 37% over one year (i.e. € 4.5bn) and major inflows for SCPI.
- Offices, which accounted for 39% of investment in 2011 vs. 23% in 2010, are back in top place in terms of asset class, ahead of retail premises.

March 2012
Growth and economic situation in France

Fragile growth

The gathering momentum of economic growth in France over Q1 2011 (+0.9%) stalled from the second half of the year. Against a backdrop of doubt and heightened concern related to the worsening of the sovereign debt crisis in Europe, economic activity contracted. More generally speaking, deterioration in investor confidence pushed growth down to a very low level at the end of the year (+0.2% in Q4). These trends nevertheless conspired towards GDP of 1.7% over the full year 2011. As activity is set to slow dramatically in 2012, French economic may come in at around +0.5%.

Doubts remain

The deterioration in the business climate, which worsened from summer 2011, has been a blow to the economy. This was illustrated by PMI figures that came in below the benchmark level of 50, whereas halfway through the year the indices stood at 60 for services and at 55 for the industry. However, they may climb back up over the coming months in an encouraging indication of restored confidence. The resilience of household spending (+0.3% in 2011) was weaker towards the end of the year (-0.7% over December). Indeed, the slight improvement in purchasing power (+1.4%) had to contend with another rise in inflation. Due to production capacities that failed to reach an optimum level and tougher financing conditions, corporate investment fell by 0.3% in Q3.

Signs of a downturn in the job market

Unemployment in France nudged 10% in December 2011 (9.9%), i.e. +0.3 points in four months. The job market in the regions was actually very busy over the first nine months of the year, (creating 100,000 jobs). Conversely, in Q4 2011 some 30,000 jobs were destroyed, for the first time since 2009. This trend is likely to continue in 2012, albeit with less of an impact than during the 2009 crisis.

Salaried employment trend is still positive

Job market trends in most regions were fairly healthy in 2011 until Q3. There was overall growth, albeit to a lesser extent according to the regions concerned. As such, the PACA (Provence - Alpes - Cote d’Azur) region, Rhône-Alpes, Pays-de-la-Loire and Languedoc-Roussillon remained buoyant in 2011. Other slightly less attractive regions such as Lorraine, Auvergne and Haute-Normandie created few or no jobs, or even destroyed them. Only Alsace experienced negative job market growth. Lastly, with about 16,000 jobs created in a year, Nord-Pas-de-Calais enjoyed the biggest upturn in its activity in 2011.
**MARKET CYCLE**

**Office take-up weathered well in 2011**
Dipping by just 3% in one year, take-up on regional office markets is still well above its long-term average. This performance is fairly unexpected, bearing in mind that the market exceptional bounce-back in 2010 might have heralded a more dramatic subsequent decline. Moreover, despite the heightening of the debt crisis last summer, the market fared as well in H2 as it did in H1.

**Private sector firmly reprised the role of growth driver**
As in 2010, the market was driven by major deals in 2011. There was however a singular difference: most of them were by companies, particularly from banking, IT, consulting and engineering sectors. The public sector still carried some weight, particularly over the first half, as it represented about 20% of deals for units over 1,000 m² over the full year. Furthermore, the market for small units, having grown constantly for three years, shows that local companies are keeping up their end.

**Little change in terms of market rebalancing**
Office space available within a year has remained stable, i.e. -1% since 2010, despite the high levels of take-up in 2011. It still represents about two years of transactions (22 months), with a similar gap remaining between supply and take-up levels. The equilibrium on this two-speed market remains fragile. Indeed, high demand from occupiers on the new office segment is meeting with limited suitable availability in sought-after districts, whereas second-hand offices are still more abundant and a poor match for companies’ needs.

**Tension remains on the new office market, which is still preferred by occupiers looking for large premises. Indeed, in terms of volume, two thirds of take-up for units of over 1,000 m² was for new offices. This proportion rises to 85% when taking into account units of over 5,000 m². The sharp contraction in new supply is also due to the low level of completions in recent years even though these are set to begin again in 2012-2013. New offices that are currently available are often held back by their less attractive and often take longer to find takers.**

**The upward trend in second-hand supply continued in 2011 as occupiers shifted towards new products, releasing office space already occupied. These are often premises that are ill suited to customers’ needs, whether due to their poor quality, compliance with recent standards that have come into force (French thermal regulation “RT 2012”, access for people with reduced mobility) or indifferent locations.**

The markets may weaken in 2012 considering a certain wait-and-see attitude by real estate players as it is an election year. There is likely to be a substantial drop in major deals, whereas total supply will still be driven by the completion of new buildings and the release of second-hand offices onto the market.
SUPPLY AND TAKE-UP

Markets in most cities have remained fairly balanced. However, despite good levels of take-up, second-hand supply is still high. Moreover, requests by occupiers for large units often culminated in turnkey or owner-occupier deals. Disparities among the various markets reflect a number of trends.

Large private sector deals drove certain markets

In Lyon, for only the second time in 20 years take-up broke through the 250,000 m² threshold. This was attributable to a number of large deals that boosted the market. These were often pre-lets in Lyon: EDF in Part-Dieu (15,200 m²), La Banque Postale in Gerland (12,500 m²). This resurgence in moves by major companies was evident in the outskirts, particularly in Q4: for example Sopra (8,000 m²) or SEB (7,500 m²) in Western Lyon. Although availability within a year certainly declined, it remains high, varying from district to district.

In Toulouse, transactions exceeded 130,000 m² for the third consecutive year. Occupiers were again very keen on new products as these accounted for half of total take-up. The aerospace sector again boosted the market, such as the 13,000 m² of offices rented by Airbus. Conversely, second-hand supply has risen substantially, causing oversupply in certain districts.

Office take-up in Nantes was particularly high, mainly thanks to owner-occupier deals in the banking sector: Crédit Agricole (14,000 m²) and Crédit Mutuel (12,000 m²). However, apart from these deals, there was an upturn in the Nantes market in 2010 that remains balanced in terms of availability.

In Bordeaux, despite dipping by 10% in one year, the market was still active, with take-up of around 92,000 m² including the gradual installation of CDiscount (6,500 m²) in the city centre.

Other cities saw declines vs. 2010, as government and local authorities were no longer a driving force

Office take-up in Lille declined after a record year in 2010, dampened by the lack of large deals, particularly for new offices. This was all the more striking that the public sector failed to boost the market in 2011. Conversely, the level of take-up for second hand offices remained robust: these were often an alternative for occupiers.

The market also stalled in Aix/Marseille. Take-up fell back below 100,000 m², suffering from the lack of deals for less than 3,000 m², traditionally emanating from the public sector, with the private sector failing to take over in 2011. There is currently no availability matching the requirements of major occupiers in Euroméditerranée while the market slumped noticeably in Aix-en-Provence.

Other trends are just as noteworthy: office markets in Rennes, Strasbourg and Montpellier, stabilised, with take-up in line with the five-year average.

There were very positive performances by Metz and Nice, driven by major public sector deals in H1, which were lacking in other cities such as Rouen.
**NEW OFFICES**

**Building starts pick up**

After a steady fall in building starts in the regions from 2008 to 2010, these have taken off again in 2011. They have doubled in just a year with completions ranging from 2012 to 2015, with an even spread between the city centre and outlying districts. Consequently, this should replenish the availability of new offices, which has been steadily contracting. However, speculative operations remain low.

Service districts in the city centre and close to stations remain preferred options for occupiers according to their location criteria. The trend for new office markets in the future may depend on TGV (high-speed train) extensions into the territory and the associated urban planning. As shown by the Amphithéâtre district in **Metz**, such operations can galvanise service markets. Other cities are currently experiencing this: for example the integrated development zone at **Mulhouse** station since 2011, or in the longer term **Bordeaux** (Euratlantique) and **Rennes** (Eurorennes).

**New supply is still scarce in the most sought-after districts**

In **Lyon**, throughout the city as a whole, the amount of building starts over the next two years correspond to one year of new office take-up. The market should therefore be balanced overall on this segment, but disparities remain according to the district. Vacancy rates are very low in prime districts. There are no major completions scheduled in **Part-Dieu** or **Confluence** before 2013. Those second-hand offices with the best services may be an alternative for those occupiers keen to find locations in the most sought-after districts.

In **Lille**, new supply has continued to fall from its 2008 peak, down to a low level. However, the market is unlikely to be undersupplied in the longer term given the high development potential in hubs of excellence such as the Union. In Euralille, the central business district of Lille, there is only one building that could host occupiers seeking large units. Nevertheless, it is struggling to find takers, hobbled by its relative distance from the station. Forthcoming completions will be in 2013 and 2014.

In **Aix/Marseille**, new supply has been significantly diminished, but certain buildings are struggling to attract occupiers, particularly in the outlying districts of Marseille. Total new office space available within a year has risen due to building completions scheduled for 2012. The highest quality supply is in **Euroméditerranée** but it is scarce. The business district is still short of new assets but major schemes should be completed from 2013, to meet the high demand registered for this district.

In **Toulouse**, new supply continued to decline, at a swift pace in 2011 (-24%), falling back below 100,000 m². Conversely, in the enterprise zone of Bordelonne, buildings completed over the past three years are still finding it hard to find takers. After several years of oversupply in the new office market in Toulouse, new schemes are becoming scarcer for the years ahead, with hardly any construction underway and building starts still dependent on pre-lets.

Similarly, building starts in **Nancy**, **Grenoble**, **Nice**, **Dijon** and **Orléans** as of end-2011 are very low, if not inexistent.
RENTS

No significant changes

Generally speaking, there was little change in the ranking of cities according to their top rent in 2011. The scarcity of new offices led to an increase in their average rent: this was the case in Bordeaux for example. This lack of new space available implies that occupiers are resorting to second-hand premises that are refurbished and well located. As such, this option has driven these rents upwards in some places, as in Grenoble, Nancy or Montpellier. Conversely, average rents for second-hand offices have sometimes been lowered, due to their quality or location, as in Marseille or Orléans.

In Lyon, the range of rents broadened in 2011. The uneven trend of top rents in recent years is the result of deals at the Oxygène Tower in Part-Dieu in 2009 and 2011, where rents reached €285/m²/year excl. VAT and charges. At the same time, average rents for new offices went back up, driven by the shortage of suitable availability in the best districts of Lyon. The abundance of second-hand availability has pushed these rents down to an average of €160/m²/year excl. VAT and charges.

Rents for new offices in Lille did not move much in 2011. Except for Euralille, they are generally between €130 and €180/m²/year excl. VAT and charges. Within Euralille, this range rises to between €150 and €180/m²/year excl. VAT and charges in second hand buildings, depending on the charges. The prime rent stands at €190, in one of the only new buildings that has not been entirely occupied in this Lille business district.

In Marseille and Aix-en-Provence, rents have not changed much since 2010. They have contracted slightly in Marseille due to the often poor location of new offices and the high level of low quality second-hand availability. Conversely, the relative resilience of markets in Aix-en-Provence has helped to keep average rents comparable to those of 2010, for both new and second-hand premises. The top rent has risen again to €250 excl. tax and VAT/m²/year, in Euroméditerranée in a very attractive building in the business district.

Rents in Toulouse have remained relatively low. The top rent in 2011 was for a second-hand building at €210/m²/year excl. VAT and charges, emphasising the appeal of the city centre and high quality space available. Rents in the outskirts range between €113 on average for second hand and €144 for new. These narrow differences in rent have let occupiers opt for new products, which are in high demand.

Average rents in Nantes have remained relatively constant for new and second-hand offices. For the latter, the range in rents is considerable, justified by mixed quality of space available, between refurbished and obsolete premises.

"TOP" OFFICE RENTS IN 2011

Rents in €/m²/year excl. VAT and car parks
Excl. car parks
Based on transaction references observed

- 230 - 285
- 190 - 210
- 160 - 180
- 135 - 155
Investment in commercial real estate - Regions

Investment in commercial real estate - Regions

Office prime yields - Regions (end of period)

Investment increased by 37%

In Q4 2011, investment in commercial real estate in the regions reached €1.7bn, taking the full-year figure to €4.5bn vs. €2.3bn in 2010. The upturn for regional markets has thereby been confirmed, with higher growth than in Île-de-France (37% for the regions vs. 23% in Île-de-France). Unlike 2010, when the bulk of investment was in retail premises, offices took back the pole position in 2011 with €1.7bn invested, i.e. growth of 125%.

There were a number of factors behind this trend. In terms of the type of buyer, high inflows for SCPI in 2011 helped to shore up the regional markets. Indeed, SCPI accounted for about 20% of investment in the regions. Furthermore, the end of the capital gains allowance related to article 210E of the 2012 General Tax Code boosted the market towards the end of the year. As such, SIIC (French REITs) accounted for 25% of investment in the regions in 2011.

At a time when demand for new assets substantially outstrips supply in certain markets such as Lyon or Marseille, the partial return of off-plan schemes has helped to kick-start the market. A notable example was the acquisition by Suravenir of the Opale building in the Gerland district for €40m. Meanwhile, Amundi bought the Favre Lafayette building in Part-Dieu for about €16m. In Marseille, La Française AM finalised the acquisition of the Cap Azur building under construction in the Euroméditerranée business district. This is a non-pre-let office building of 6,200 m².

Prime yields have generally remained stable. The best assets are at interest rates of between 6% and 6.3% in Lyon or Marseille. For Lyon, one “prime” transaction stands out, which is the acquisition by Suravenir of the Opale building in the Gerland district for €40m. Meanwhile, Amundi bought the Favre Lafayette building in Part-Dieu for about €16m. In Marseille, La Française AM finalised the acquisition of the Cap Azur building under construction in the Euroméditerranée business district. This is a non-pre-let office building of 6,200 m².

Heading for a slowdown in 2012

Bearing in mind the lag between Île-de-France and the regions, business may be brisk in H1 2012. Indeed, the regional market may continue to benefit from the high inflows of SCPI. However, under the combined impact of a slowdown in rental markets, worsening credit conditions and less off-plan volumes, investment in the regions may fall back in 2012. The best assets (well located, high quality, long leases) should nevertheless continue to be sought-after by many investors. Availability will be key to how the regional investment market performs in the coming quarters.
## KEY FIGURES

<table>
<thead>
<tr>
<th>City</th>
<th>Take-up (m²)</th>
<th>Rents in €/m²/year excl. VAT and charges</th>
<th>Average rents</th>
</tr>
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<tr>
<td></td>
<td>2011 (excl. owner-occupier deals)</td>
<td>Variation 2011 / 2010</td>
<td>2011 (incl. owner-occupier deals)</td>
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<tr>
<td></td>
<td></td>
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<tr>
<td>Aix/Marseille</td>
<td>93,800</td>
<td>-26%</td>
<td>250</td>
</tr>
<tr>
<td>Annecy</td>
<td>18,500</td>
<td>+8%</td>
<td>3,000</td>
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<td>Bordeaux</td>
<td>91,800</td>
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<td>170</td>
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<td>Clermont-Ferrand</td>
<td>15,800</td>
<td>-37%</td>
<td>145</td>
</tr>
<tr>
<td>Dijon</td>
<td>22,000</td>
<td>-22%</td>
<td>155</td>
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<tr>
<td>Grenoble</td>
<td>58,600</td>
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<td>180</td>
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<td>Lille</td>
<td>110,700</td>
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<td>Lyon</td>
<td>251,300</td>
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<td>Metz</td>
<td>45,000</td>
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<td>Montpellier</td>
<td>55,500</td>
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<td>Mulhouse</td>
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<td>Nancy</td>
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<td>Nantes</td>
<td>93,100</td>
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<td>Nice/Sophia</td>
<td>68,300</td>
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<td>195</td>
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<tr>
<td>Orléans</td>
<td>25,600</td>
<td>-16%</td>
<td>150</td>
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<tr>
<td>Rennes</td>
<td>85,800</td>
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<tr>
<td>Rouen</td>
<td>31,100</td>
<td>-32%</td>
<td>145</td>
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<tr>
<td>Strasbourg</td>
<td>59,300</td>
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<tr>
<td>Toulouse</td>
<td>119,600</td>
<td>+10%</td>
<td>210</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,298,400</strong></td>
<td><strong>-4%</strong></td>
<td><strong>119,600</strong></td>
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<table>
<thead>
<tr>
<th>City</th>
<th>Supply within a year - 30 December 2011 (m²)</th>
<th>Under construction</th>
<th>Planning permission granted</th>
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<td>233,500</td>
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<td>Annecy</td>
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<td>Bordeaux</td>
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<td>91,300</td>
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<td>Lille</td>
<td>246,400</td>
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<td>Lyon</td>
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<td>Metz</td>
<td>65,400</td>
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<td>Montpellier</td>
<td>80,900</td>
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<td><strong>Total</strong></td>
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GLOSSARY

The numerical data used by BNP Paribas Real Estate for its statistics features all the information it has at its disposal when compiling them. These statistics may change according to new information brought to our knowledge that is often confidential to begin with.

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.

Immofast: 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 à Capital Variable (SPPICV) 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.

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