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 Compas
BP 49254
95078 Cergy Pontoise Cedex
Tel.: +33 (0)1 34 30 86 40

REGIONS
Annecy
P.A.E. 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
21200 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 Euratlal
Tel.: +33 (0)3 20 06 99 00

Lyon
Tour Part-Dieu
128, 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
RTC 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
CS 89501
34265 Montpellier Cedex 02
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 61611
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 Keraudret-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

Executive summary 4
Macroeconomic backdrop 5
Investment market in France 6
Office investment in Ile-de-France 7
Investment in Regions 8
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EXECUTIVE SUMMARY

2011 finished well, with investment exceeding €17bn (vs. €13.6bn in 2010). Against a difficult economic backdrop, real estate represents a safe haven, less volatile and risky than financial markets. The market is dominated by cash-rich investors, such as insurers and SCPI.

Offices are still in pole position
• There have been 43 deals for over €100m.
• Offices in Ile-de-France accounted for 60% of investment.
• Partial return by opportunistic investors to speculative off-plan schemes.

Upturn confirmed in regions
• Offices are back in the regions accounting for 39% of investment (vs. 23% in 2011).
• SCPI propped up the regional markets.
• Fall in deals for retail premises due to scarcer availability.

Market decline in 2012
• The expected contraction in growth and potential deterioration in financing conditions are set to cause a decline in investment in 2012.
• Prime yields should remain stable in the coming quarters.
• Investment over FY 2012 should reach €13-15bn.
Growth set to stall in 2012

The sovereign debt crisis has put a spanner in the works of global economic growth and France is no exception. After having recorded 1.6% growth in 2011, a number of factors are set to contribute to the slowdown in the coming quarters. Firstly, the slowdown in activity will hit employment, and therefore consumption, the main driver of the French economy, is likely to experience weak growth. As such, after reaching 9.3% in 2011, unemployment could represent 10% in 2012. Domestic demand will also be hampered by glum consumer confidence. Indeed, against a backdrop of declining purchasing power (notably related to salary stagnation), rising prices and tax increases, households will be more inclined to save than to spend.

Furthermore, insofar as the utilisation rate of production capacities is short of the long-term average and financing terms will be less appealing, corporate investment is set to remain limited. Consequently, French GDP growth is likely to fall significantly in 2012 to +0.3%, which is nevertheless far from the 2009 figure of -2.6%.

Stabilisation of long-term interest rates

After a highly volatile year in 2011, oscillating between 2.45% and 4%, the 10-year French treasury bond (OAT) yield may only vary slightly in 2012, between 3.10% and 3.30% in 2012. Indeed, despite the recent downgrading by Standard’s & Poor’s of France’s AAA rating to AA+, bonds are still attractive. Amid an economy beset by uncertainty and financial markets in the doldrums, investors remain averse to risk and prefer secured investments.

Slowdown in inflation in 2012

After inflation of 2.1% in 2011, the figure should be slightly lower in France in 2012 at about +1.9%. The consumer price index was propped up by food prices and the surge in commodities in 2011. This trend could diminish in 2012. Indeed, the expected slowdown in economic growth should ease inflationary tensions. As such, reduced demand for oil due to less global activity should dampen growth in energy prices. The European Central Bank may thereby be assisted in its struggle against inflation and support the economy by keeping its key interest rate at 1% or even reducing it slightly.
Investment in commercial real estate - France

**INVESTMENT IN FRANCE**

**2011 was a decent year**

With over €17.2bn impacted in commercial real estate in France, 2011 finished the year well, despite an economy hobbled by the sovereign debt crisis. As such, despite the expected slowdown, the market confirmed its healthy trend over Q4 with investment of over €7bn, i.e. growth of 12% compared to the same period in 2010.

Some may find this robust performance surprising, but there are a number of factors behind it. Firstly, a large number of sizable transactions initiated several months previously closed at the end of the year. Indeed, there were 22 transactions for more than €100m over Q4. Furthermore, in a context of highly volatile financial markets and low-yielding bonds, real estate represents a safe haven. There is also the impact of year-end deal closures and the soon-to-be discontinued capital gains allowance related to article 210E of the French Tax Code.

Cash-rich investors are still the most active, such as insurers, and SCPI, who accounted for around 37% of investment in 2011. In terms of nationality, French operators are still in the majority, representing 65% of investment. After accounting for 20% of investments in 2010, German investors were in decline with just 9% in 2011. The reform of German funds governed the strategy of these investors on the French market, who sold rather than acquired in 2011.

Among the major trends that stood out in 2011 was the same time, the resumption in major deals (over €100m) has been a significant market driver, up 42% in volume terms vs. 2010. Lastly, the rise in office investment in the regions also helped to make the market more fluid, with investment rising by 125%.

**Contraction in 2012**

At a time when the liquidity crisis looks as though it could worsen, banks are likely to become more demanding in terms of equity requirements, increasing the cost of borrowing to factor in a reasonable risk premium. Financing real estate through leverage, which has already been dramatically curtailed since 2009, may prove to be difficult once again. With the prospect of declining demand, average yields could well increase in the coming quarters, notably for secondary assets. Risk-aversion is set to remain high amid feeble economic growth and weaker underlying markets. The supply may therefore have to contend with more selective demand. A decline in investment in France therefore seems inevitable in 2012, with forecasts ranging between €13bn and €15bn.
OFFICES IN ILE-DE-FRANCE

Back to fundamentals

Over FY 2011 office investment in Ile-de-France totalled €10.3bn, i.e. 40% more than in 2010. Against the backdrop of a fragile economy, risk-averse investors therefore mostly opted for the most liquid asset on the most mature market. The return of major deals has been confirmed with 31 deals for more than €100m totalling €5bn (vs. 23 deals for €3.1bn in 2010).

In terms of location, a trend emerged during 2011: investment in Paris outside CBD outstripped that of Paris CBD. This was partly due to the scarcity of assets available in Paris CBD, prompting buyers to broaden their criteria. Furthermore, investors’ enthusiasm for secure products has pushed capital values up significantly in Paris CBD. As such, some €2.7bn was invested in Paris outside CBD vs. €2.1bn for Paris CBD. Among the biggest deals was the acquisition of the Sud Pont building by an insurance company in the 15th arrondissement for €218m euros. Another striking transaction in 2011 was the purchase by HSBC Assurances of the office property Le Viala for €134m.

An analysis of average yields highlights the emergence of a two-speed market, with yields falling for the most liquid districts on the one hand (i.e. Paris inner-city and the Western Crescent), while on the other, the average yield is rising for assets in the Inner and Outer Rims.

However, despite a marked interest in secure assets, certain opportunistic investors made a partial comeback in 2011. Indeed, after almost disappearing altogether in 2009, there was a slight upturn in off-plan sales in 2010 with €170m invested, rising to €930m in 2011. Although these amounts are relatively low compared to 2007, they show that investors are keen on new “green” assets in a rental market that is undersupplied in this respect.

Stabilisation of capital values in 2012

Although capital values continued to increase in 2011, the expected market slowdown in 2012 could bring about a contraction in the capital growth. However, the sharp rise in the CCI in 2011 should pass through to cash flows in the coming quarters and this trend should keep capital values fairly stable. The two-speed market is set to be confirmed in 2012. Indeed, to contend with increasing vacancy rates in certain districts and the slowdown of rental markets, investors are consequently willing to hike property risk premiums for the riskiest assets. As such, average yields could increase in 2012 for secondary assets, while for secure assets in established business districts, the trend should be flat or even a slight contraction.
INVESTMENT IN THE REGIONS

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 Ile-de-France (37% for the regions vs. 23% in Ile-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 with €320m invested. One of the biggest projects in Lyon, was the acquisition by Survénir 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 Euroméditérannée business district. This is a non-pre-let office building of 6,200 m².

Prime yields have generally remained stable. The best or Marseille. For Lyon, one “prime” transaction stands out, which is the acquisition of a 13,600 m² building on Blvd Vivier Merle. Leased to France Télécom, this asset was sold by AEW Europe to REAL IS for €50.3m. In Marseille, Perial has also acquired a prime office building, namely Espace Gaymard in the Euroméditérannée district for €42m.

Heading for a slowdown in 2012

Bearing in mind the lag between Ile-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.
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

#### Investment in Commercial Real Estate in France (€ Million)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total amount invested in France</strong></td>
<td>8,555</td>
<td>13,732</td>
<td>17,211</td>
</tr>
<tr>
<td><strong>including amount invested in Ile-de-France</strong></td>
<td>5,262</td>
<td>8,745</td>
<td>11,252</td>
</tr>
<tr>
<td>Offices</td>
<td>5,309</td>
<td>8,137</td>
<td>12,044</td>
</tr>
<tr>
<td>Warehouses</td>
<td>387</td>
<td>577</td>
<td>726</td>
</tr>
<tr>
<td>Industrial premises</td>
<td>213</td>
<td>205</td>
<td>247</td>
</tr>
<tr>
<td>Retail</td>
<td>1,654</td>
<td>2,768</td>
<td>2,452</td>
</tr>
<tr>
<td>Services</td>
<td>992</td>
<td>2,045</td>
<td>1,742</td>
</tr>
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</table>

*Immostat/IPD 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>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
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<tbody>
<tr>
<td>Greater Paris</td>
<td>5,897</td>
<td>10,321</td>
<td>12,663</td>
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<tr>
<td>Regions</td>
<td>2,658</td>
<td>3,411</td>
<td>4,548</td>
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<tr>
<td><strong>Total</strong></td>
<td>8,555</td>
<td>13,732</td>
<td>17,211</td>
</tr>
</tbody>
</table>

#### Investment Amount

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<tr>
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<th>2009</th>
<th>2010</th>
<th>2011</th>
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<tbody>
<tr>
<td>&lt; € 5 million</td>
<td>395</td>
<td>417</td>
<td>450</td>
</tr>
<tr>
<td>€ 5 - 10 million</td>
<td>574</td>
<td>651</td>
<td>591</td>
</tr>
<tr>
<td>€ 10 - 20 million</td>
<td>764</td>
<td>802</td>
<td>1,369</td>
</tr>
<tr>
<td>€ 20 - 40 million</td>
<td>1,439</td>
<td>1,927</td>
<td>2,478</td>
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<td>€ 40 - 100 million</td>
<td>2,523</td>
<td>4,313</td>
<td>4,311</td>
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<td>&gt; € 100 million</td>
<td>2,860</td>
<td>5,622</td>
<td>8,012</td>
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<tr>
<td><strong>Total</strong></td>
<td>8,555</td>
<td>13,732</td>
<td>17,211</td>
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#### Type of Investors

<table>
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<tr>
<th></th>
<th>2009</th>
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<tbody>
<tr>
<td>Insurance</td>
<td>13%</td>
<td>24%</td>
<td>22%</td>
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<tr>
<td>SIIC (Reits)</td>
<td>16%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Listed companies</td>
<td>10%</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>Funds</td>
<td>33%</td>
<td>24%</td>
<td>28%</td>
</tr>
<tr>
<td>OPCI</td>
<td>10%</td>
<td>10%</td>
<td>4%</td>
</tr>
<tr>
<td>SCPI</td>
<td>7%</td>
<td>11%</td>
<td>14%</td>
</tr>
<tr>
<td>Private Investors</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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</table>
KEY FIGURES

INITIAL PRIME YIELDS

<table>
<thead>
<tr>
<th>Offices in Île-de-France</th>
<th>Q4 2009</th>
<th>Q4 2010</th>
<th>Q4 2011</th>
<th>Trend Q4 2011 / Q4 2010</th>
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<tbody>
<tr>
<td>Paris CBD</td>
<td>5.25 - 5.75%*</td>
<td>4.50 - 5.00%</td>
<td>4.50 - 5.00%</td>
<td>➔</td>
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<tr>
<td>Paris outside CBD</td>
<td>6.50%</td>
<td>5.70 - 6.20%</td>
<td>4.75 - 5.25%*</td>
<td>➔</td>
</tr>
<tr>
<td>La Défense</td>
<td>6.50 - 7.00%*</td>
<td>5.60 - 6.20%*</td>
<td>5.60 - 6.20%*</td>
<td>➔</td>
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<tr>
<td>Western Crescent</td>
<td>6.90%</td>
<td>5.80 - 6.30%</td>
<td>5.80 - 6.30%</td>
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</tr>
<tr>
<td>Inner Rim</td>
<td>6.50%</td>
<td>5.90 - 6.40%</td>
<td>5.85 - 6.25%</td>
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<tr>
<td>Outer Rim</td>
<td>&gt; 7.50%*</td>
<td>6.50 - 7.00%</td>
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</tbody>
</table>

The Regional Office Market

<table>
<thead>
<tr>
<th>The Regional Office Market</th>
<th>Q4 2009</th>
<th>Q4 2010</th>
<th>Q4 2011</th>
<th>Trend Q4 2011 / Q4 2010</th>
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</thead>
<tbody>
<tr>
<td>Aix/Marseille</td>
<td>7.00 - 7.30%*</td>
<td>6.20 - 6.50%*</td>
<td>6 - 6.30%</td>
<td>➔</td>
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<tr>
<td>Lyon</td>
<td>6.50%</td>
<td>6.10 - 6.40%</td>
<td>6 - 6.30%</td>
<td>➔</td>
</tr>
<tr>
<td>Lille</td>
<td>7.10 - 7.6%*</td>
<td>6.30 - 6.70%</td>
<td>6 - 6.30%*</td>
<td>➔</td>
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<tr>
<td>Bordeaux</td>
<td>7.60 - 8.00%*</td>
<td>6.60 - 6.90%*</td>
<td>6.60 - 6.90%</td>
<td>➔</td>
</tr>
<tr>
<td>Toulouse</td>
<td>7.50 - 7.75%*</td>
<td>6.20 - 6.50%*</td>
<td>6.20 - 6.50%*</td>
<td>➔</td>
</tr>
<tr>
<td>Nantes</td>
<td>7.55 - 7.85%*</td>
<td>6.50 - 7.00%*</td>
<td>6.50 - 7.00%*</td>
<td>➔</td>
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<tr>
<td>Strasbourg</td>
<td>7.50%</td>
<td>6.80 - 7.30%*</td>
<td>6.80 - 7.30%*</td>
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</table>

Grade A warehouses

<table>
<thead>
<tr>
<th>Grade A warehouses</th>
<th>Q4 2009</th>
<th>Q4 2010</th>
<th>Q4 2011</th>
<th>Trend Q4 2011 / Q4 2010</th>
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</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>8.00 - 8.25%*</td>
<td>7.00 - 7.25%</td>
<td>7.15%*</td>
<td>➔</td>
</tr>
<tr>
<td>Regions</td>
<td>8.20 - 8.75%*</td>
<td>7.00 - 7.25%</td>
<td>7.15%*</td>
<td>➔</td>
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</table>

Industrial Premises

<table>
<thead>
<tr>
<th>Industrial Premises</th>
<th>Q4 2009</th>
<th>Q4 2010</th>
<th>Q4 2011</th>
<th>Trend Q4 2011 / Q4 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>8.25 - 8.50% *</td>
<td>8 - 8.25% *</td>
<td>7.6%</td>
<td>➔</td>
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</table>

Retail

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<tr>
<th>Retail</th>
<th>Q4 2009</th>
<th>Q4 2010</th>
<th>Q4 2011</th>
<th>Trend Q4 2011 / Q4 2010</th>
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</thead>
<tbody>
<tr>
<td>Street-level stores in Paris</td>
<td>5 - 5.25%</td>
<td>4.25 - 4.50%</td>
<td>4.25 - 4.50%</td>
<td>➔</td>
</tr>
<tr>
<td>Shopping centres in France</td>
<td>5.75 - 6.25%*</td>
<td>5.50 - 6.00%*</td>
<td>4.75 - 5.00%</td>
<td>➔</td>
</tr>
<tr>
<td>Retail parks in France</td>
<td>&gt; 8.00%</td>
<td>7.50 - 8.00%*</td>
<td>6.00 - 6.50%</td>
<td>➔</td>
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</table>

Hotels

<table>
<thead>
<tr>
<th>Hotels</th>
<th>Q4 2009</th>
<th>Q4 2010</th>
<th>Q4 2011</th>
<th>Trend Q4 2011 / Q4 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris inner city</td>
<td>6.00 - 7.00%</td>
<td>5.50 - 6.00%</td>
<td>5 - 5.50%</td>
<td>➔</td>
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</tbody>
</table>

* Estimated
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.

ImmoStar: 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 Île-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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