GREATER PARIS HOLDS UP WHILE THE REGIONS DECLINE

• Take-up of logistics premises in France over Q1 2012 stood at 373,000 m². Although this figure is greater than for the same period in 2011, it is fairly lower compared to the subsequent quarters of 2011, when transactions reached record levels and helped to pull the year back from a poor start. As such, the slowdown in the logistics market has come some months after the worsening of the European sovereign debt crisis in summer 2011 and the deterioration in growth prospects. However, the logistics market is by no means locked into a decline. Indeed, the volume of demand registered by BNP Paribas Real Estate has been particularly stable so far this year and has even increased in Greater Paris.

• Meanwhile, availability within a year has continued its gradual decline (-3% between December 2011 and March 2012) down to 2.9 million m². Without new construction, the biggest fall has been in new grade A warehouses (-9%), followed by second hand premises. The volume of planning permissions granted has also decreased slightly (-5%). The period of time for grade A supply (excluding owner-occupier and turnkey deals) to be absorbed has dropped significantly over the past 12 months in most French cities.

• Overall, the share of new grade A take-up has been lower than in 2011: 16% over Q1 2012 vs. 50% in 2011. Indeed, there are few buildings of this category left on the market after the enthusiasm for them in 2011. Another altered trend compared to 2011 is that there are relatively few owner-occupier or turnkey deals, with a large majority of rental transactions. Yet the most striking aspect of early 2012 is the activity operating, more than ever, as a two-speed market: take-up in Greater Paris has remained buoyant in keeping with 2011, while the regional trend has been particularly disappointing.

• Greater Paris has performed well with some 270,000 m² transacted, i.e. 72% of take-up in France. In particular, one very sizeable deal was recorded, which confirmed the strong showing by retailers: Intermarché has bought a second-hand grade A warehouse of 94,000 m² in Sénart. Apart from this deal, the average floor space of buildings taken-up declined. Out of the 15 transactions recorded over Q1 in Ille-de-France, there were also the sale to Otelo of a grade B building in Saint-Ouen-l’Aumône for 18,000 m² and Aelia’s turnkey deal in Compans for 25,000 m². Immediate grade A availability, which stands at 710,000 m², fell by 12% between December 2011 and March 2012.

• Conversely, with 103,000 m² taken up over Q1, transactions in the regions have dropped dramatically compared to 2011, particularly in the areas far from the North-South axis. The fall is less marked in the leading logistics markets (Marseille, Lille, Orléans), while the transaction level in Lyon has even remained stable over the last 12 months. Regional logistics markets have also experienced a fine level of take-up over the quarter, such as SPII Polygone with 11,000 m² in Lesquin, Dachser with 21,000 m² in the Ain region and Sonoco with 16,000 m² in the Haut-Rhin.

• Despite a reasonable start to the year, the market is still heavily dependent on a gloomy economy. Consequently, the high levels of 2011 are unlikely to be achieved in 2012, in either Paris or the regions. We also expect to see an economy-related slowdown in owner-occupier and turnkey deals.

MARKET IN FRANCE*

Supply in France

Take-up in France

*Greater Paris = 19 cities where BNP Paribas Real Estate is established
SUPPLY IN FRANCE - 31 MARCH 2012

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

Total area (m²)*
- 215,000
- 150,000
- 75,000
- 50,000
- 25,000

* data per city

TAKE-UP IN FRANCE - Q1 2012

- Grade A
- Other

Total area (m²)*
- 100,000
- 75,000
- 50,000
- 25,000

* data per city
### KEY FIGURES*

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<th>Cities</th>
<th>SUPPLY (m²) 31 March 2012</th>
<th>Planning</th>
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### TAKE-UP (m²)**

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<th>Q1 2011 (3 months)</th>
<th>Q1 2012 (3 months)</th>
<th>Q1 2012 (on a rolling year basis)</th>
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* Cities where BNP Paribas Real Estate is established  
** Immostat-IPD, BNP Paribas Real Estate
The numerical data used by BNP Paribas Real Estate for its statistics feature all the information at the group's disposal when compiling them. These statistics may change according to new information brought to our knowledge that is often confidential to begin with.

**Definitions**

CCI (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 capital 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 proper 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, manufacturers, logistics service providers, distribution centres, distributors, wholesalers, 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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