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 73 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 Saint-Ouen-l’Aumône 95078 Cergy Pontoise Cedex
Tel.: +33 (0)1 34 30 86 40

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

Bordeaux
Les Bureaux de la cité 23, Parvis des Chartro 33074 Bordeaux Cedex
Tel.: +33 (0)5 56 44 05 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 Euréalille
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 CS11527 13235 Marseille Cedex 2
Tel.: +33 (0)4 91 56 03 03

Nice
Immeuble Phoenix – Arénas 455, promenade des Anglais 06285 Nice Cedex 3
Tel.: +33 (0)4 93 18 05 88

Nantes
16, rue de la République 44000 Nantes
Tel.: +33 (0)2 40 20 20 20

Orléans
Centre d’affaires Athéas 11, rue Louis Kerault-Botmel 45000 Orléans
Tel.: +33 (0)2 38 62 09 91

Rennes
Centre d’affaires Athéas 11, rue Louis Kerault-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 Saly 1, place Occitane BP 80726
31007 Toulouse Cedex 6
Tel.: +33 (0)5 61 23 56 56
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<th>Glossary</th>
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<th>Investment in Regions</th>
<th>Office investment in Ile-de-France</th>
<th>Macroeconomic backdrop</th>
<th>Executive summary</th>
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<tr>
<td>12</td>
<td>11</td>
<td>9</td>
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SUMMARY

Despite lacklustre economic growth and a slowdown for letting markets, investment in commercial real estate in France performed well in H1 2012 with €6.6bn invested. The period has notably been characterised by major deals and the return of foreign investors. However, after investment of €18.1bn was recorded in 2011, a slowdown is anticipated over the full year 2012.

French market shows a 20% increase (H1 2012 / H1 2011)
- Deals for over €100m accounted for 50% of investment in France
- Offices are still top, representing 66% of investment
- Foreign investors are back in the majority, with 51% of investment in France

Stabilisation of volumes in the regions
- The scarcity of prime supply in the regions represents an obstacle
- SCPI shored up the market in the regions
- Prime yields remain stable

Market decline in 2012
- The expected fall in growth and the consequences for the letting markets will cause investment to decline in 2012
- Prime yields should remain stable in the coming quarters
- Investment over full year 2012 should reach about €13-15bn

July 2012
Growth and economic situation in France

MACROECONOMIC BACKDROP

Feeble economic growth forecast for 2012

Although until now France has shown itself to be resilient compared to most of its European neighbours, it has been unable to escape the deterioration of its growth prospects in the wake of the eurozone crisis. This is illustrated by the latest economic surveys, with the Services and Industry PMI dipping between Q1 and Q2 2012. Growth in 2011 averaged a respectable +1.7%, although it also saw the beginning of a decline. This came on the heels of the continued European crisis, and has been confirmed and exacerbated in 2012. The French economy grew weakly in Q1 2012 to stand at +0.3% (on a rolling year basis) after +1.2% in Q4 2011. Moreover, unemployment is set to average 10.2% in 2012 vs. 9.7% the previous year. This high unemployment, France’s poor competitiveness and austerity measures are all likely to weigh on activity. Nevertheless, although French growth in 2012 appears to be struggling, it remains above the European average of -0.4% for 2012, as many European countries are registering contractions in their GDP. In 2013, economic activity in France should look up, with growth expected to be around +0.9%.

Inflation slowing in 2012

In this difficult environment, inflation expectations have been lowered, with overall inflation having slowed since the beginning of the year. Consumer prices should rise by an average of 2% over 2012 vs. 2.1% in 2011. This downward trend should last in the short term with the decline in oil prices and in the long term due to the bleaker growth and employment prospects. In particular, high unemployment is likely to hold back salary increases. The trend is similar at the European level, with inflationary tensions on the one hand and a deterioration of economic prospects on the other, both arguments for monetary easing by the ECB.

Interest rates in the eurozone at an all-time low

In July 2012, the ECB lowered its three key interest rates to their lowest ever levels. As such, it lowered its refinancing rate from 1.0% to 0.75% and a further decline cannot be ruled out before the end of 2012. On the bond market, neither the loss of the triple A rating by Standards & Poors, nor the new political direction have been able to push the French long-term interest rate back up. The yield on the 10-year French government bond (OAT) is at a record low and standards are registering contractions in their GDP. In 2013, economic activity in France should look up, with growth expected to be around +0.9%.

Interest rates in the Euro Area

In July 2012, the ECB lowered its three key interest rates to their lowest ever levels. As such, it lowered its refinancing rate from 1.0% to 0.75% and a further decline cannot be ruled out before the end of 2012. On the bond market, neither the loss of the triple A rating by Standards & Poors, nor the new political direction have been able to push the French long-term interest rate back up. The yield on the 10-year French government bond (OAT) is at a record low and still considered to be a safe investment, particularly compared to other European countries. Its quarterly average stood at 2.8% in Q2 2012 and it should continue to diminish in the following quarters. Lastly, on the European inter-bank market, the benchmark 3-month Euribor rate is also at record lows, averaging 0.7% in Q2 2012. Short-term rates are set to fall further in 2012.
INVESTMENT IN FRANCE
Fine performance by major transactions
Despite feeble economic growth and the sovereign debt crisis, the commercial real estate investment market in France has remained on track. Indeed, it stood at € 6.6bn in H1, i.e. a growth of 20% compared to the same period in 2011.

Q2 saw the finalisation of deals that were both substantial and emblematic. These included the acquisition by a Middle Eastern sovereign fund of two showcase buildings in Paris Central Business District, namely La Cité du Retiro (€ 300m) and Neo (€ 322m). However, the largest deal of all was the acquisition by a Qatari fund of a building currently occupied by Virgin located on 52 Avenue des Champs Élysées for over € 500m. As such, deals for over € 100m accounted for 50% of investment in H1 2012.

Return of foreign investors
These deals emphasise the strong presence of Middle Eastern funds at a time when cash investors are driving the market. Indeed, the criteria required by Basel 3 and the financial crisis have hit volumes and financing conditions hard. As such, cash investors, such as sovereign fund, insurers or SCPI are still the main protagonists on the market.

As offices are considered to be the most liquid asset, they continue to attract investors and remain in pole position, having accounted for 66% of investment in H1. The deal for 52 Avenue des Champs Élysées had a big impact on investment in retail premises, which represented 17% of investment over the period. Despite buyers’ continued interest in this type of asset, which holds up well in a slowing economy, supply often falls short of demand. Service premises come third, accounting for 12% of investment. One of the biggest deals in this category was the acquisition by Gecina of a portfolio with six nursing homes for € 70.5m.

In terms of nationality, after French investors (49% of investment), Middle Eastern investors took second place on the podium with 21%. In a trend that already started a few months ago, the withdrawal of German investors from the French market has been confirmed. This pattern is largely due to the reform of German funds, which has led to a number of the open-ended vehicles closing as well as various assets being put up for sale.

Slowdown in 2012
In spite of the robust showing in H1 2012, a slowdown is expected over the full year. Indeed, despite investors’ keen interest in real estate assets, the slowdown in the occupier market, the slump in economic growth and the lack of visibility on the sovereign debt crisis mean that investors are likely to remain cautious. As such, investment in commercial real estate in France should be between € 13bn and € 15bn in 2012, vs. € 18.1bn in 2011.
INVESTMENT IN OFFICES IN ÎLE-DE-FRANCE

Paris accounts for 71% of investment

With €3.9bn invested in H1, offices in Île-de-France are still the main driver of the investment market. Despite the contraction in economic growth and the impact on the letting market, Paris offices continue to attract investors seeking safe havens. In terms of location, the most sought-after district is still Paris Central Business District (Paris CBD) which attracted 40% of all investment in offices in Île-de-France. This is the most liquid district with the lowest vacancy rate (5.1% vs. 7.3% on average for the whole of Île-de-France).

The low level of supply at the heart of the Paris market has encouraged buyers to consider other districts, such as Paris outside CBD whose offices attracted €1.2bn in H1 2012. As such, as part of a portfolio purchase, an Asian investment fund paid €360m for the Avant-Seine building (43,000 m2) in the 13th arrondissement of Paris. Furthermore, SwissLife has finalised the acquisition from Invesco of the Le Surcouf building (10,300 m²) in the 7th arrondissement for €110m.

Could “green” offices give the market fresh impetus?

Outlying markets are struggling to hold their own, accounting for just 29% of investment. Aversion to risk and the lack of visibility are encouraging investors to opt for the most established and liquid markets. Although La Défense is still one of the main office markets in Île-de-France, activity there has been muted for the past few years. Apart from location, investors pay very careful attention to environmental criteria that plays an increasingly important role in their choice of acquisition. As such, few of the high-rise buildings at La Défense meet the criteria given in the French government’s “Grenelle” building plan, whereas in the Inner Rim or the Western Crescent, there are plenty of new buildings that comply with the best environmental criteria (BBC, BEPOS, etc.).

This trend notably boosted off-plan sales in 2011 (€1.4bn vs. €175m in 2009). Contrary to all expectations, 78% of this off-plan investment was in empty buildings, proving that new generation buildings can galvanise the investment market. In H1 2012, some €500m was invested in off-plan properties in Île-de-France. Speculative off-plan sales represented 50% of the investment, such as the acquisition by Wereldhave of the Noda building (24,000 m²) in Issy-les-Moulineaux for €131m.

Stabilisation of prime yields

Given the fierce competition between investors, average yields are likely to stabilise or even decline slightly in Paris inner-city over the coming quarters. For the other districts, considered to be less secured, we could see a slight increase in average yields. With regard to prime yields, the trend for all districts in Île-de-France is towards stabilisation. Indeed, at 4.7%, Paris CBD appears to have bottomed out for significant amounts.
Investment in commercial real estate - Regions

**INVESTMENT IN THE REGIONS**

**Offices still in the lead**

With investment of €1.3bn in H1 2012, investment in the regions has been relatively stable vs. the same period in 2011. Offices are still in pole position, accounting for 35% of investment. The biggest deal in Q2 was the acquisition by Unofi Assurances of the Le Lugdunum building (21,200 m²), located in the La Part Dieu business district of Lyon for €75m. Another of the most significant transactions was the purchase by Deka Immobilien of an 11,400 m² office building in the Cœur de Bastide district in Bordeaux for around €30m.

Prime yields have meanwhile remained stable in the main regional markets. The yields for the best offices stand at around 6% in Lille, Lyon and Marseille. The prime yield in Bordeaux fell in H1 from 6.70% to 6.50%.

Service assets take second place, accounting for 26% of regional investment. The most eye-catching deal in this category was the purchase of Le Carlton hotel in Cannes by a Qatari investor for a sum estimated at over €80m. Retail premises are also still very popular in the regions, accounting for 21% of investment, such as the acquisition by Ciloger of the Grand’Tour 1 and Grand’Tour 2 shopping centres in Sainte-Eulalie close to Bordeaux for €83m.

In terms of investor typology, closed funds and SCPI represented respectively 26% and 25% of the market in H1 2012. Indeed, SCPI have been particularly active in the regions over these past two years. Their record inflows in 2011 (€2.1bn) and their diversification strategy have contributed to the market recovery. As such, since mid-2010, SCPI have represented about 20% of investments in the regions.

**Heading for a slowdown in 2012**

As in Ile-de-France, investment is expected to slow in the regions in 2012. After a healthy performance in 2011 with €4.7bn invested, in 2012 the amounts are likely to be closer to the 2010 level, between €3bn and €3.5bn. Indeed, the slowdown in economic growth and its consequences for the letting market will dent the commercial real estate investment market. Meanwhile, in a risk aversion context, buyers will opt for “prime” assets. Unfortunately, such assets are few in the regions.

Prime yields - Offices in Regions (end of period)
## KEY FIGURES

### INVESTMENT IN COMMERCIAL REAL ESTATE IN FRANCE (€ MILLION)

<table>
<thead>
<tr>
<th></th>
<th>H1 2010</th>
<th>H1 2011</th>
<th>H1 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total amount invested in France</strong></td>
<td>3,786</td>
<td>5,500</td>
<td>6,629</td>
</tr>
<tr>
<td>including amount invested in Ile-de-France*</td>
<td>2,350</td>
<td>3,506</td>
<td>4,820</td>
</tr>
<tr>
<td>Offices</td>
<td>2,248</td>
<td>3,596</td>
<td>4,906</td>
</tr>
<tr>
<td>Warehouses</td>
<td>270</td>
<td>219</td>
<td>237</td>
</tr>
<tr>
<td>Industrial premises</td>
<td>48</td>
<td>94</td>
<td>78</td>
</tr>
<tr>
<td>Retail</td>
<td>836</td>
<td>816</td>
<td>628</td>
</tr>
<tr>
<td>Services</td>
<td>384</td>
<td>775</td>
<td>780</td>
</tr>
</tbody>
</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>H1 2010</th>
<th>H1 2011</th>
<th>H1 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>72%</td>
<td>75%</td>
<td>81%</td>
</tr>
<tr>
<td>Regions</td>
<td>28%</td>
<td>25%</td>
<td>19%</td>
</tr>
</tbody>
</table>

### Investment amount

<table>
<thead>
<tr>
<th></th>
<th>H1 2010</th>
<th>H1 2011</th>
<th>H1 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; € 5 million</td>
<td>150</td>
<td>155</td>
<td>227</td>
</tr>
<tr>
<td>€ 5 - 10 million</td>
<td>196</td>
<td>218</td>
<td>239</td>
</tr>
<tr>
<td>€ 10 - 20 million</td>
<td>269</td>
<td>582</td>
<td>420</td>
</tr>
<tr>
<td>€ 20 - 40 million</td>
<td>724</td>
<td>1,121</td>
<td>811</td>
</tr>
<tr>
<td>€ 40 - 100 million</td>
<td>1,488</td>
<td>1,521</td>
<td>1,624</td>
</tr>
<tr>
<td>&gt; € 100 million</td>
<td>960</td>
<td>1,903</td>
<td>3,308</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,786</td>
<td>5,500</td>
<td>6,629</td>
</tr>
</tbody>
</table>

### Type of investors

<table>
<thead>
<tr>
<th></th>
<th>H1 2010</th>
<th>H1 2011</th>
<th>H1 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>17%</td>
<td>17%</td>
<td>21%</td>
</tr>
<tr>
<td>SIIC (Reit)</td>
<td>12%</td>
<td>13%</td>
<td>9%</td>
</tr>
<tr>
<td>Listed companies</td>
<td>7%</td>
<td>17%</td>
<td>5%</td>
</tr>
<tr>
<td>Funds</td>
<td>27%</td>
<td>26%</td>
<td>44%</td>
</tr>
<tr>
<td>OPCI</td>
<td>18%</td>
<td>9%</td>
<td>3%</td>
</tr>
<tr>
<td>SCPI</td>
<td>9%</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>Private Investors</td>
<td>6%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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</tbody>
</table>
## KEY FIGURES

### INITIAL PRIME YIELDS

<table>
<thead>
<tr>
<th>Offices in Île-de-France</th>
<th>Q2 2010</th>
<th>Q2 2011</th>
<th>Q2 2012</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris CBD</td>
<td>4.75 - 5.25%*</td>
<td>4.50 - 5.00%*</td>
<td>4.70%*</td>
<td>→</td>
</tr>
<tr>
<td>Paris outside CBD</td>
<td>6.00 - 6.50%*</td>
<td>5.25 - 5.75%*</td>
<td>4.75%*</td>
<td>→</td>
</tr>
<tr>
<td>La Défense</td>
<td>6.00 - 6.50%*</td>
<td>5.60 - 6.20%*</td>
<td>5.90%*</td>
<td>→</td>
</tr>
<tr>
<td>Western Crescent</td>
<td>6.00 - 6.50%*</td>
<td>5.80 - 6.30%</td>
<td>5.80%*</td>
<td>→</td>
</tr>
<tr>
<td>Inner Rim</td>
<td>6.00 - 6.50%*</td>
<td>5.85 - 6.25%</td>
<td>6.10%*</td>
<td>→</td>
</tr>
<tr>
<td>Outer Rim</td>
<td>6.50 - 6.75%*</td>
<td>6.50 - 7.00%</td>
<td>6.50%*</td>
<td>→</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The Regional Office Market</th>
<th>Q2 2010</th>
<th>Q2 2011</th>
<th>Q2 2012</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aix/Marseille</td>
<td>6.40 - 6.70%*</td>
<td>6.00 - 6.30%*</td>
<td>6.10%</td>
<td>→</td>
</tr>
<tr>
<td>Lyon</td>
<td>6.20 - 6.40%*</td>
<td>6.00 - 6.30%</td>
<td>6.10%*</td>
<td>→</td>
</tr>
<tr>
<td>Lille</td>
<td>6.50 - 6.90%*</td>
<td>6.00 - 6.30%*</td>
<td>6.10%*</td>
<td>→</td>
</tr>
<tr>
<td>Bordeaux</td>
<td>7.00 - 7.25%*</td>
<td>6.60 - 6.90%</td>
<td>6.50%*</td>
<td>→</td>
</tr>
<tr>
<td>Toulouse</td>
<td>6.75 - 7.00%*</td>
<td>6.20 - 6.50%*</td>
<td>6.20%*</td>
<td>→</td>
</tr>
<tr>
<td>Nantes</td>
<td>6.90 - 7.30%*</td>
<td>6.50 - 7.00%*</td>
<td>6.70%*</td>
<td>→</td>
</tr>
<tr>
<td>Strasbourg</td>
<td>7.50%*</td>
<td>6.80 - 7.30%*</td>
<td>6.90%*</td>
<td>→</td>
</tr>
</tbody>
</table>

### Grade A warehouses

<table>
<thead>
<tr>
<th>Greater Paris</th>
<th>Q2 2010</th>
<th>Q2 2011</th>
<th>Q2 2012</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>7.00 - 7.25%*</td>
<td>7.20%</td>
<td>7.15%*</td>
<td>→</td>
</tr>
<tr>
<td>Regions</td>
<td>7.00 - 7.25%*</td>
<td>7.20%</td>
<td>7.30%*</td>
<td>→</td>
</tr>
</tbody>
</table>

### Industrial Premises

<table>
<thead>
<tr>
<th>Greater Paris</th>
<th>Q2 2010</th>
<th>Q2 2011</th>
<th>Q2 2012</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>8.00 - 8.25%*</td>
<td>7.75%</td>
<td>7.75%*</td>
<td>→</td>
</tr>
</tbody>
</table>

### Retail

<table>
<thead>
<tr>
<th>Street-level store in Paris</th>
<th>Q2 2010</th>
<th>Q2 2011</th>
<th>Q2 2012</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopping centers in France</td>
<td>4.75 - 5.25%</td>
<td>4.25 - 4.50%</td>
<td>4.50%</td>
<td>→</td>
</tr>
<tr>
<td>Retail parks in France</td>
<td>5.75 - 6.25%*</td>
<td>5.50 - 6.00%*</td>
<td>4.90%*</td>
<td>→</td>
</tr>
</tbody>
</table>

### Hotels

<table>
<thead>
<tr>
<th>Paris inner-city</th>
<th>Q2 2010</th>
<th>Q2 2011</th>
<th>Q2 2012</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.00 - 6.50%*</td>
<td>5.90 - 6.50%</td>
<td>5.90%*</td>
<td>→</td>
</tr>
</tbody>
</table>

* Estimated
IMMOSTAT AREA
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.

Immoplat: 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 respects for the confidentiality commitments of each of its members. It concerns the investment markets for corporate real estate and occupiers of warehouses greater than 5,000 m² as well as offices in the Paris area.

Investment fund: collective ownership of financial or real estate assets managed by a regulated and certified structure (fund manager). These include:
- **Open-ended fund**: a fund is open-ended when there is no limit to the shares issued.
- **Closed fund**: shares in a closed fund are only managed by the fund manager during the subscription period. A closed fund has a limited lifecycle.
- **Pension fund**: financial body that manages the funds from the accumulative pension system. This fund is the resources that employees from the public and private sectors have set aside over their professional lives to improve their retirement pension.
- ** Opportunistic funds**: targets yields of over 17%, with gearing exceeding 60% of the gross asset value.

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

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

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

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

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

OPCI (French real estate investment fund): real estate funds. They come in two forms:
- Fonds de Placement Immobilier (FPI), real-estate investment funds for which the payout is taxed as classic property revenues,
- Sociétés de Placement à Prépondérance Immobilière & Capital Variable (SPPCV) 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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