

THE INVESTMENT MARKET

ÎLE-DE-FRANCE / CBD FOCUS

Q3 2016

THE INVESTMENT MARKET – Q3 2016

ÎLE DE FRANCE / CBD FOCUS

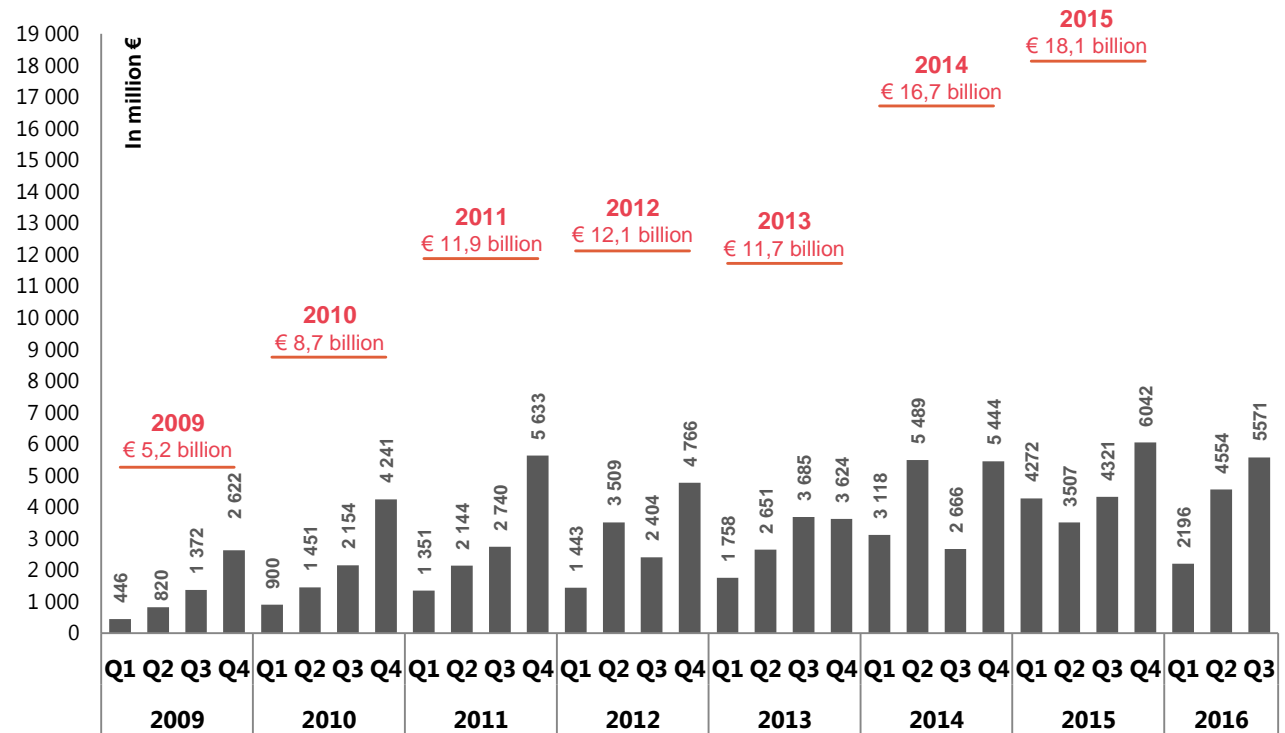


Investment volumes

€5.6 billion over Q3 2016

Source : Knight Frank

- ♦ +7%: after a mixed start to the year, the volume invested has gradually increased, to reach €5.6 billion over this Q3 and a total of €12.3 billion over the first nine months of the year
- ♦ Q3 was characterised by a significant number of very large transactions (+ €200 million): there were nine, representing 40% of volumes invested
- ♦ In terms of geography, the organisation of the market has endured: the CBD continued to dominate as the favourite destination of investments, with close to €3.4 billion spent, followed by the Western Crescent (€2.7 billion) and La Défense (€2.1 billion).
- ♦ The market continued to be dominated by French investors, who accounted for over 70% of amounts invested. However, we note the surge of investors from Korea and Singapore and the return of the Americans

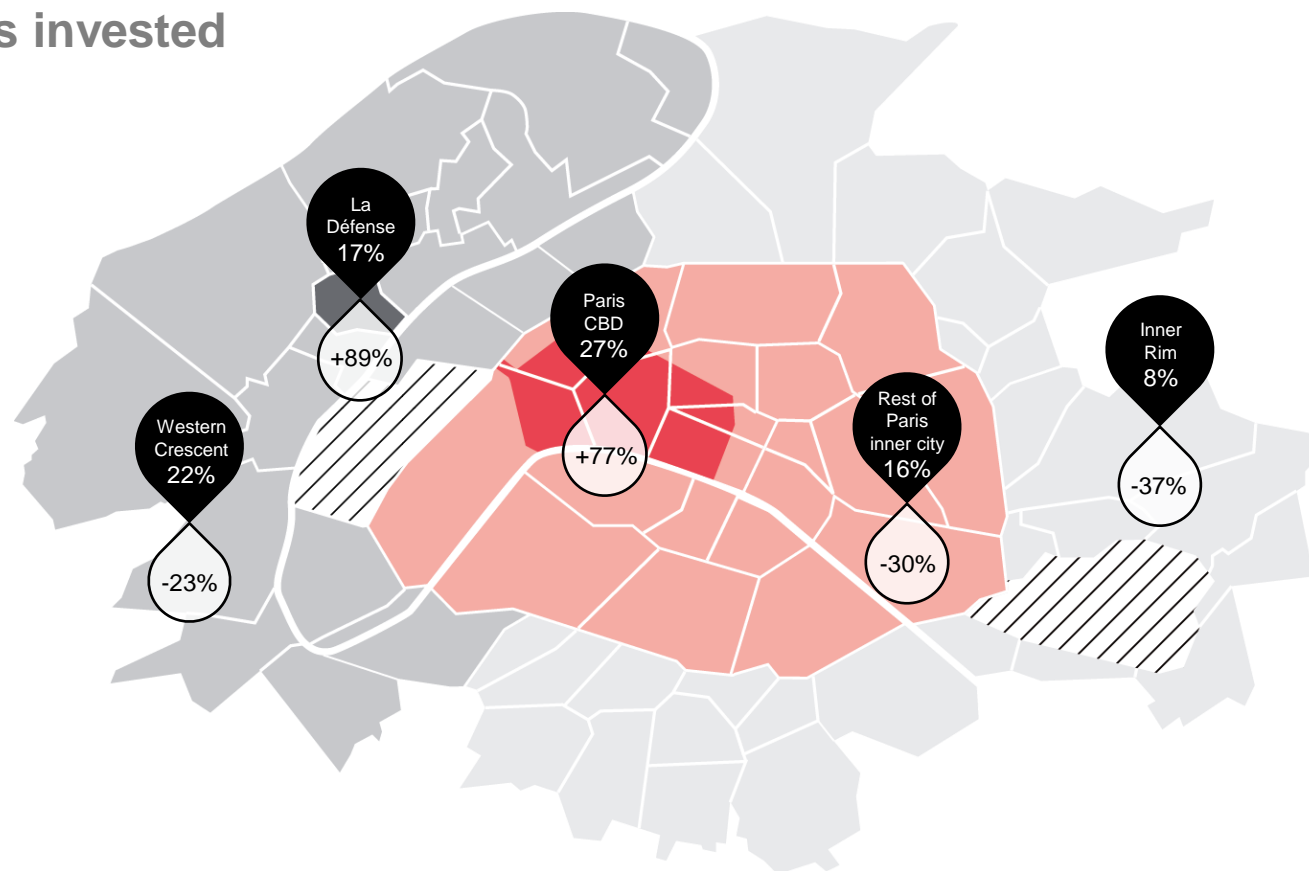


Geography of volumes invested

Strong activity

in the CBD and La Défense

Source : Knight Frank



Market share in the volumes invested in Ile-de-France in 2016

Trends in volumes invested in 2016 compared with 2015

Volume invested in 2016 (in billion €)

Paris CBD	Rest of Paris inner city	La Défense	Western Crescent	Inner Rim	Other	Total Île-de-France
3 381	1 994	2 062	2 721	990	1 173	12 321

THE INVESTMENT MARKET – Q3 2016

ÎLE DE FRANCE / CBD FOCUS

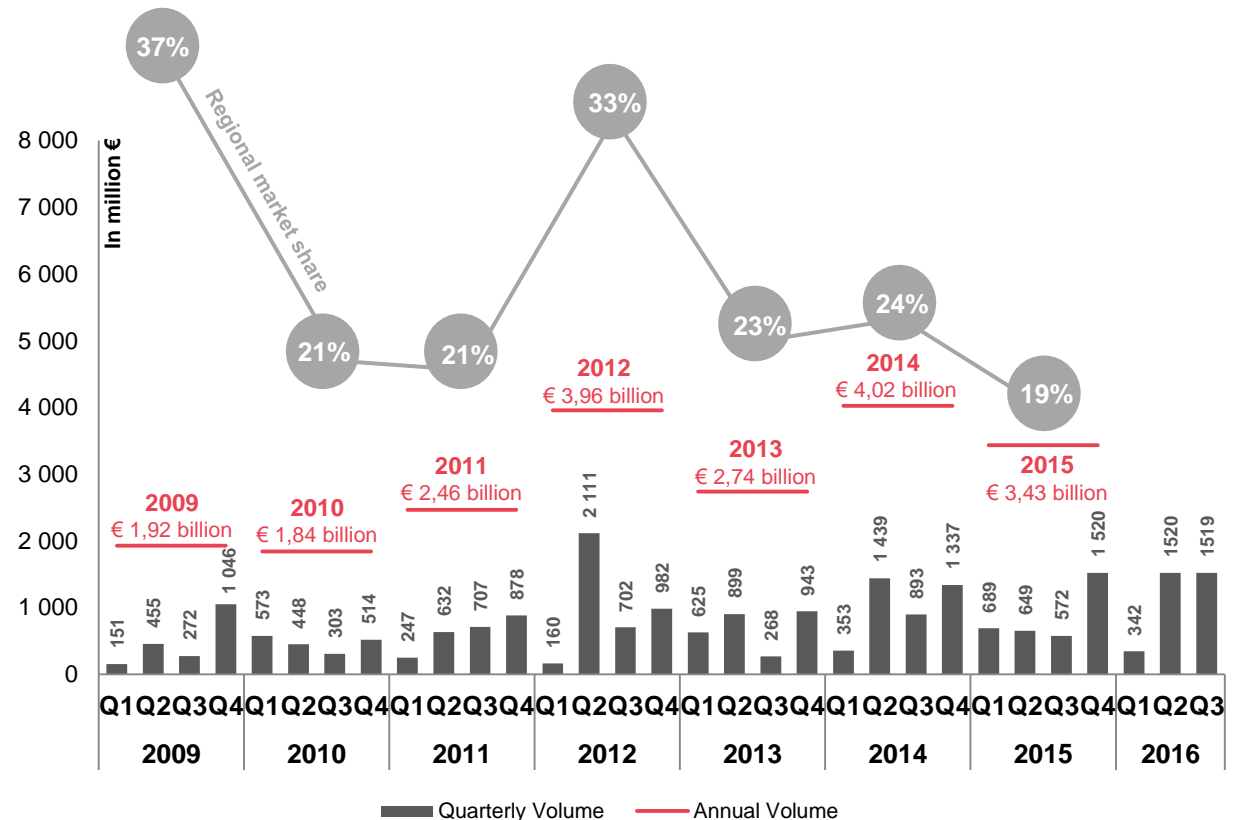
CBD Focus

+77%

for the first three quarters compared to 2015

Source : Knight Frank

- ◆ €1.5 billion: the CBD continued on the dynamic of the previous quarter. The amount invested since the start of the year totalled close to 3.4 billion in the CBD, which is an increase of 77% compared to 2015
- ◆ The upsurge in activity in the second quarter enabled the CBD to return to its traditional position in the Greater Paris region, attracting 27% of volumes invested over nine months in the region
- ◆ This activity is boosted by several major transactions, with notably the sale of the portfolio comprising 1-5 rue d'Astorg and 14-16 rue de la Ville l'Evêque, sold by Société Générale to the Singaporean GIC for €500 million, or that of Paris Bourse, sold for over €350 million
- ◆ The success of the CBD shows that investors are attracted to Core assets, despite the continuous increase in their prices and the Prime yield staying close to 3%



THE INVESTMENT MARKET – Q3 2016

ÎLE DE FRANCE / CBD FOCUS



Examples of transactions

Source : Knight Frank

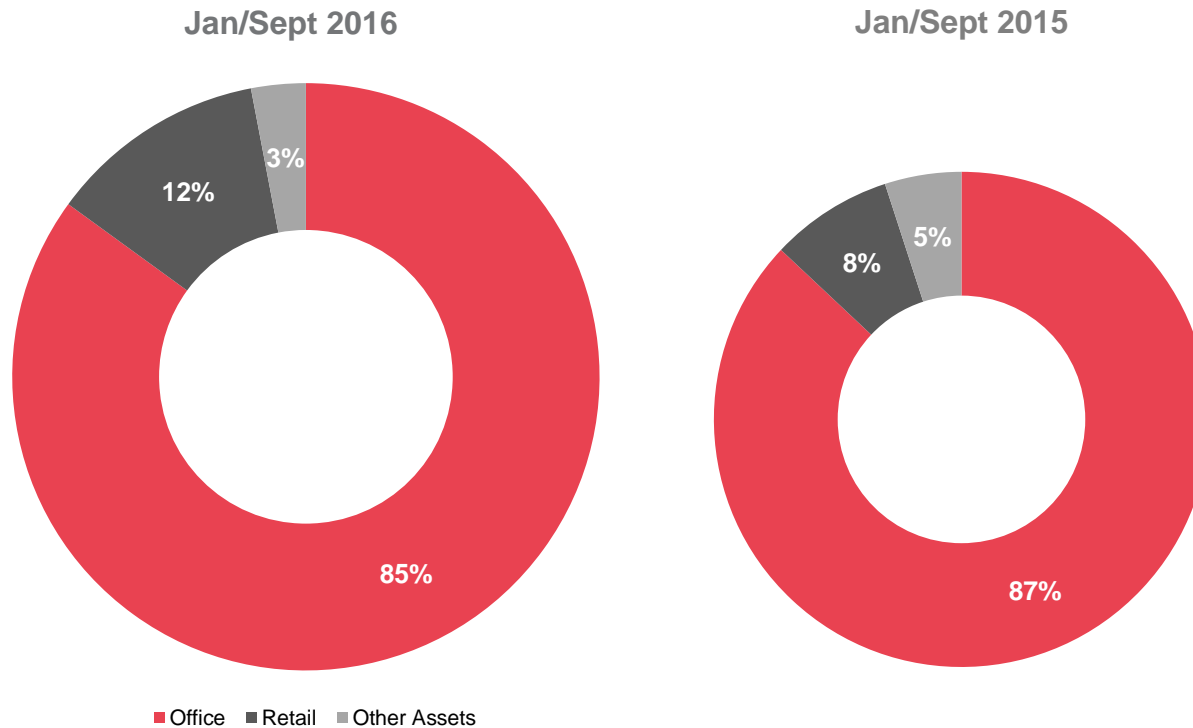
Date	Asset	Type of Asset	Submarket	Area	Price (in millions €)	Buyer	Seller
April 2016	Tour First	Office	La Défense	80 000	800	Axa Investment Managers Real Assets	Beacon Capital Partners
Sept. 2016	Portefeuille Alpha: Tour Egée/ Le Stadium/ Orsay	Office	Portofolio	81 000	700	Amundi	Kanam
July 2016	Portefeuille: 1-5 rue d'Astorg / 14-16 rue de la Ville l'Eveque	Office	CBD	24 100	500	GIC (Government of Singapore Investment Corporation)	Société Générale
June 2016	65-67 Avenue des Champs Elysées	Retail/Office	CBD	10 500	490	Emirat du Qatar	Thor Equities LLC Meyer Bergman
March 2016	Villebon 2	Shopping Center	Outer Rim	47 500	159	Crédit Agricole Assurance/ ACM Vie AS	Hammerson
Jan. 2016	Tour Alto	Mixed development project	La Défense	51 000	55	Abu Dhabi Investment Authority	UBS Real Estate
Jan. 2016	44 rue Paul Langevin, Ris Orangis	Warehousing	Outer Rim	46 200	34,4	EPF	Raiffesen

Breakdown by asset type

Sustainability

of the breakdown by asset type

Source : Knight Frank

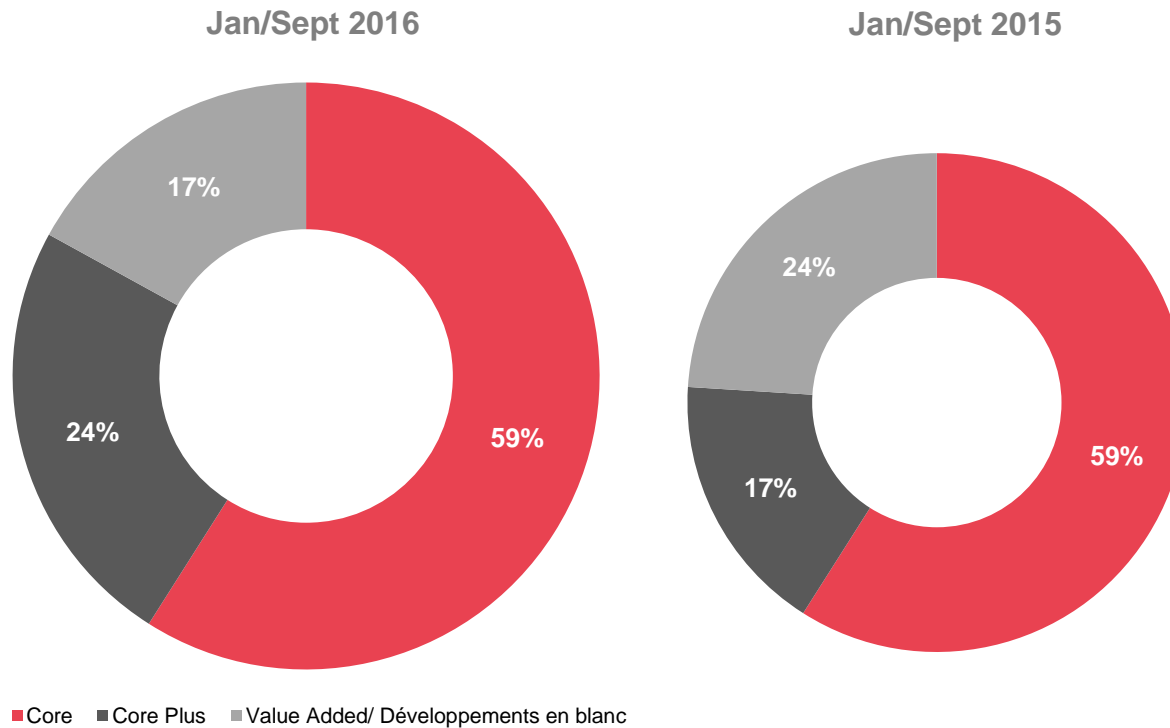


Breakdown by risk profile

The winning return

of Core+ assets

Source : Knight Frank

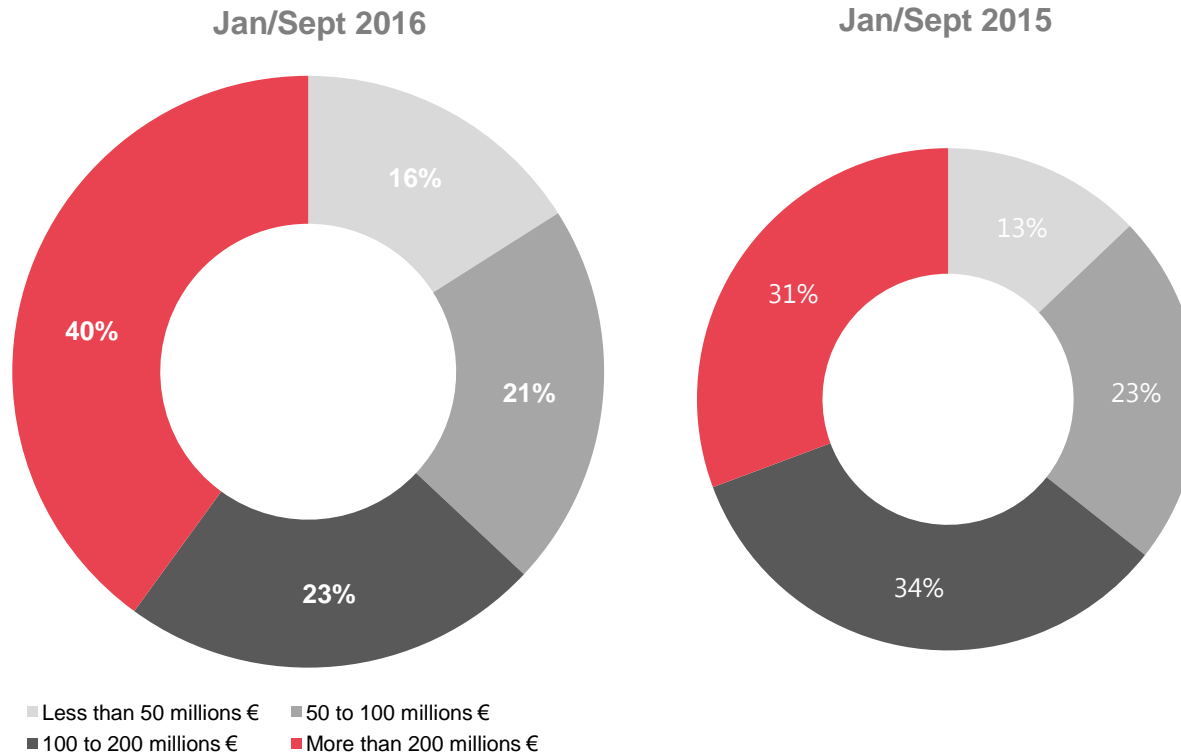


Breakdown by transaction size

Re-concentration

of the market on large deals (+ €200 million)

Source : Knight Frank

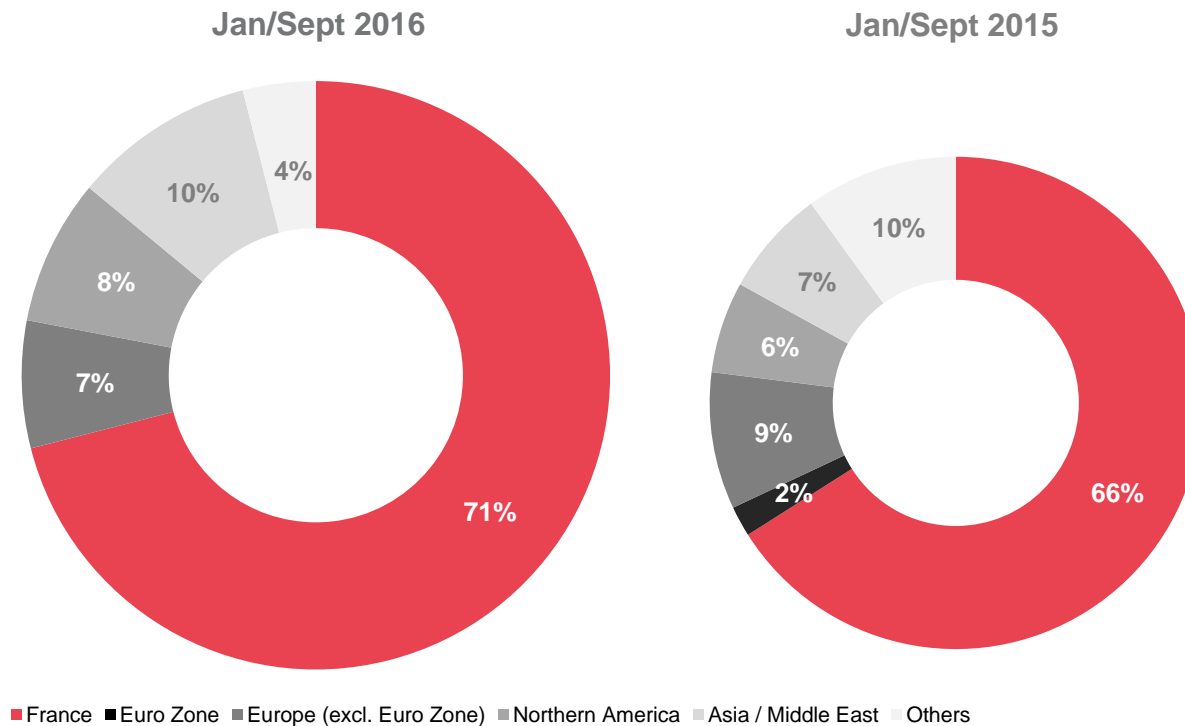


Breakdown by purchasers' nationalities

Preferred territories

Of French investors

Source : Knight Frank



Prime Yield

Stabilisation

of the rates on Prime assets

Source : Knight Frank

- ♦ Prime yields are currently at a historic low, between 3% and 3.25% in the CBD
- ♦ Despite this trough and the increasing gap separating it from most of the other markets in the Paris region, the CBD remains popular with investors
- ♦ In a more discrete and more moderate way, the squeezing of prime yields is spreading to other markets in the Greater Paris region, like La Défense, whose prime yields are falling below the 5% level this year
- ♦ The yield gap between Core, Core Plus and other asset classes tends to increase within each geographical sector, generating interest among investors for Core Plus and Value Added assets, which opens up opportunities in less saturated segments
- ♦ The spread between prime and bond yields, a key factor in the success of the real estate segment among investors, continues to show a big advantage for real estate assets (293 basis points)

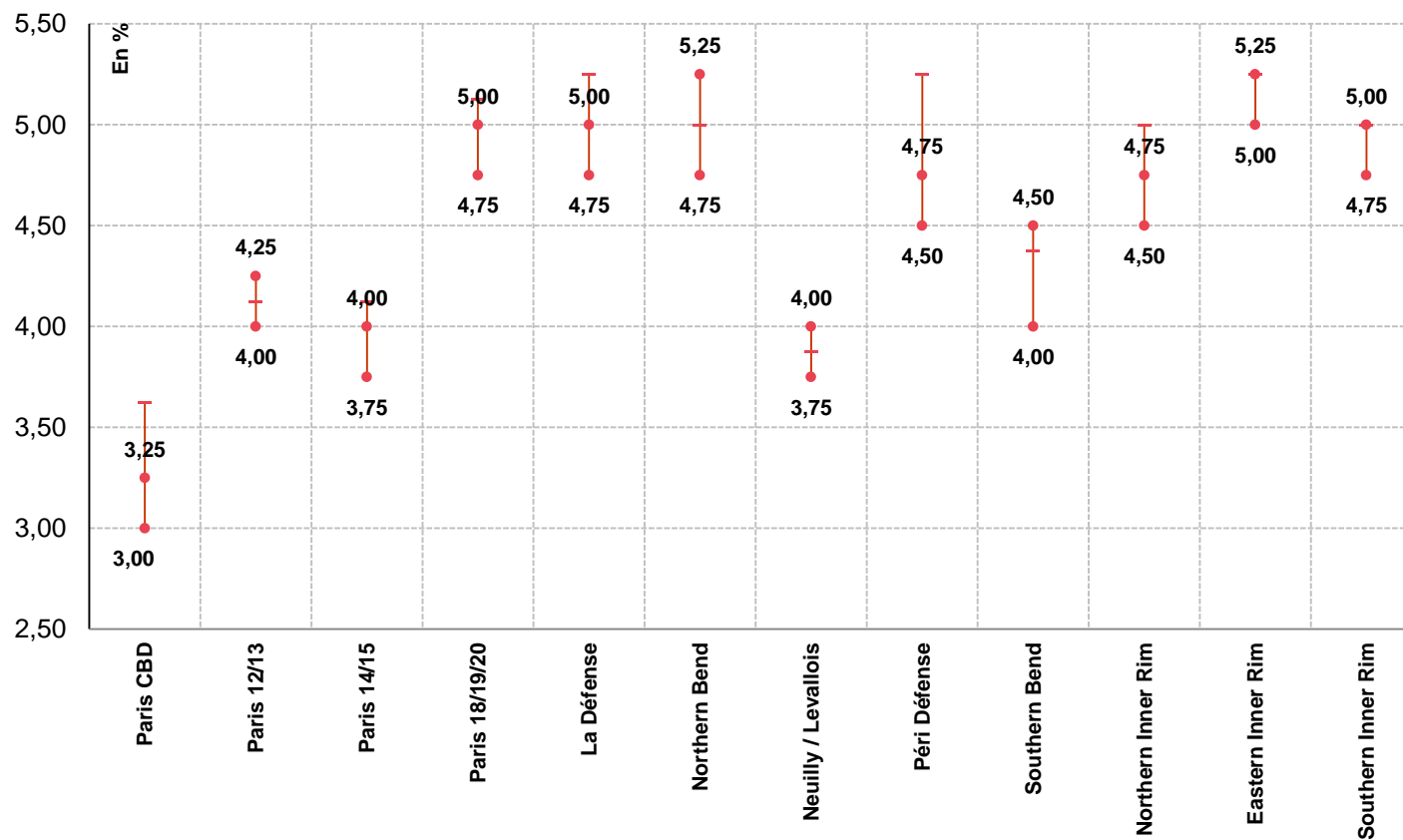


Prime Yields

Stable geography

in Q3 2016

Source : Knight Frank



THE INVESTMENT MARKET – Q3 2016

ÎLE DE FRANCE / CBD FOCUS



Investment volumes in Ile-de-France and Prime/bond yields spread

Source : Knight Frank

