

RETAIL SNAPSHOT

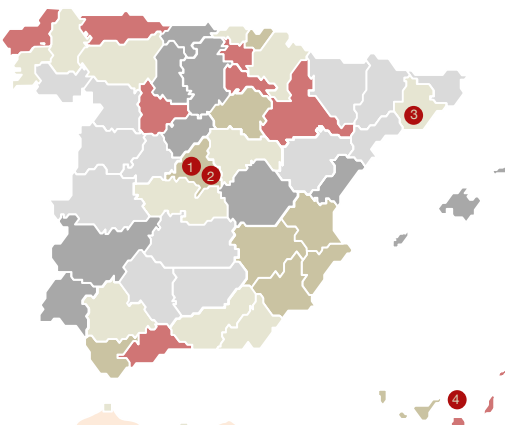
3rd QUARTER 2017

SITUATION IN SPAIN

- The Consumer Confidence Index follows a positive trend during 2017, increasing the footfall and with a positive impact on the sales of the retail market.
- E-commerce continues to increase, generating opportunities and synergies with offline trade. In Spain, the turnover in 2016 exceeded €24,000m, and it is expected that 2017 will close at over €30,000m, 25% higher than the previous year.
- International retailers such as Victoria's Secret, Uniqlo or Tesla have chosen the Spanish market within their expansion strategies.
- At the end of 2017, we expect 4 new centres to open which will increase the total GLA of Spanish shopping centres to 180,000 sqm, at an average of 45,000 sqm per centre.

GRAPH5
Shopping centre density* and openings in 2017. SQM / '000 inhabitants

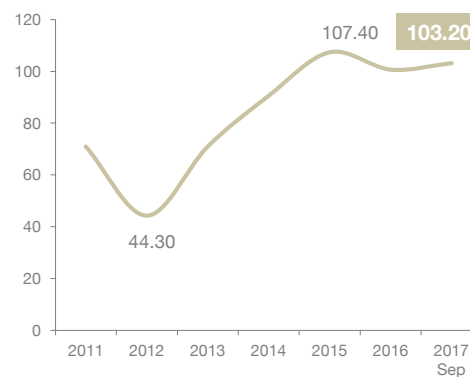
● Very high ● High ● Medium ● Low ● Very low



- Sambill Outlet
- Plaza Río 2
- Terrassa Plaça
- Los Alisios

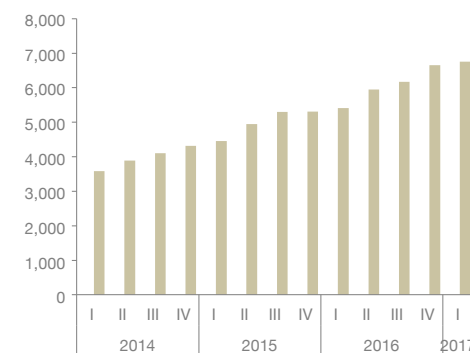
*Based on data from the AECC Annual 2016

GRAPH1
Consumer Confidence Index
2011 - 2017



Source: CIS

GRAPH3
E-commerce
Turnover. Million euros.



Source: CNMC

GRAPH6
Recent and future openings
Shopping centres and retail parks



PLAZA RÍO 2 MADRID
Madrid, Madrid
GLA: 39,118 sqm
October 2017

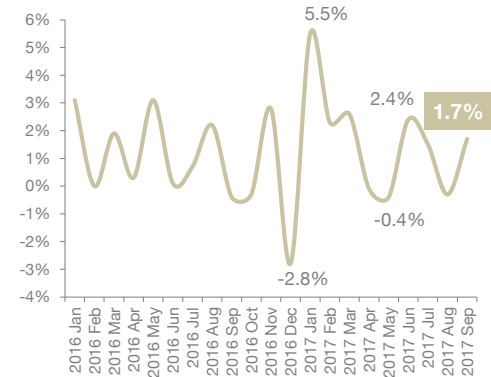


RETAIL PARK TERRASSA PLAÇA
Terrassa, Barcelona
GLA: 30,535 sqm
October 2017



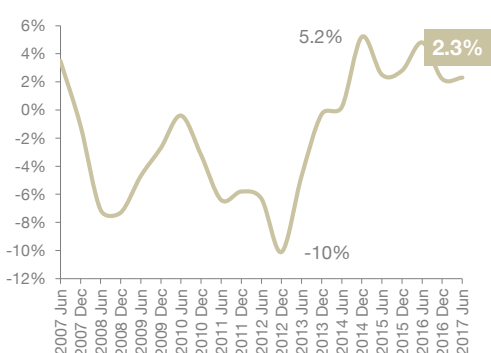
LOS ALISIOS
Tamaraceite, Las Palmas de Gran Canaria
GLA: 67,000 sqm
November 2017

GRAPH2
Footfall
Y-o-y (%)



Source: Shoppertrak

GRAPH4
Retail Market
Y-o-y (%)

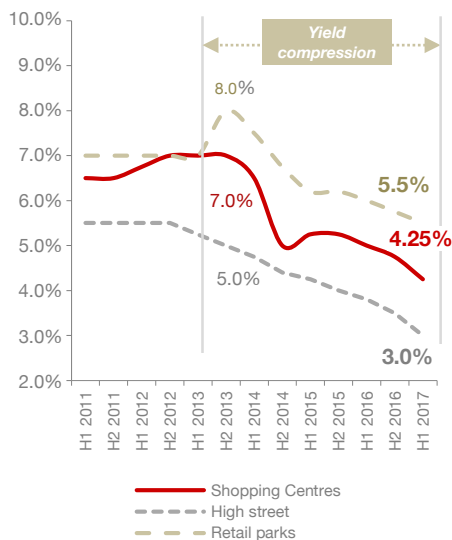


Source: INE

RETAIL INVESTMENT IN SPAIN

- Retail investment (including shopping centres, retail parks and super / hypermarkets) up to the third quarter reached €2,400m, maintaining the record investment levels of the last three years.
- While large shopping centre deals determined the course of the first part of the year, during the 3rd quarter the spotlight has been focused on retail parks and flagship stores.
- So far this year, the volume of investment in flagship in Spain is approaching €600 million.
- The yield compression trend continues: 4.25% in shopping centres, 5.5% in retail parks and 3% in high-street.

GRAPH 7
Historical prime yield
2006-Q3 2017



GRAPH 8
European prime yields
Q3 2017

	SHOPPING CENTRES	RETAIL PARKS	HIGH STREET
Brussels	4.25	5.50	3.75
London	4.25	4.50	2.25
Amsterdam	5.00	5.75	4.00
Frankfurt	3.75	5.25	3.60
Berlin	3.75	5.25	2.75
Paris	3.75	4.75	2.75
Dublin	4.50	5.25	3.50

GRAPH 9
TOP3 | Investment transactions
Q3 2017

RETAIL PARKS PORTFOLIO

VENDOR: REDEVCO Y ARES
PURCHASER: VUKILE PROPERTY

€172,8m | 99,190 sqm

MERCADO DE SAN MIGUEL

VENDOR: EL GASTRODOMO DE SAN MIGUEL
PURCHASER: ARES MANAGEMENT

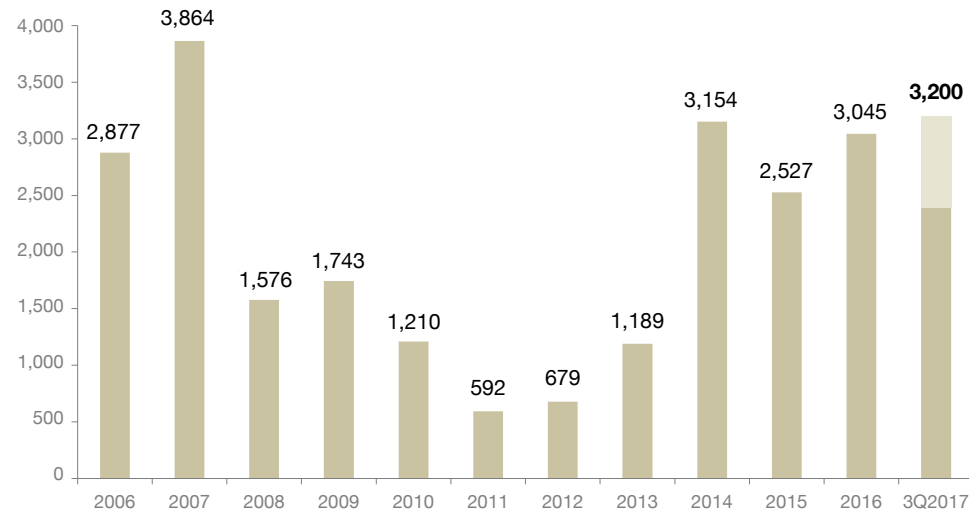
€70m | 1,200 sqm

MERCADO DE FUENCARRAL

VENDOR: ASG
PURCHASER: AEW EUROPE

€50m | 2,400 sqm

GRAPH 10
Historical retail investment*
Q3 2017



*High street not included



RESEARCH

Pablo Párraga

Head of Retail
Pablo.Parraga@es.knightfrank.com
+34 600 919078

Elaine Beachill

Associate
Head of Retail Capital Markets
Elaine.Beachill@es.knightfrank.com
+34 600 919016

Rosa Uriol

Head of Research
Rosa.Uriol@es.knightfrank.com
+34 600 919 114

Important notice

© Knight Frank España, S.A.U. 2017

This report is published for general information only and is not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank España, S.A.U. for any loss or damage resultant from any use of, reliance or reference to the contents of this document.

As a general report, this material does not necessarily represent the view of Knight Frank España S.A.U. in relation to particular properties or projects. Reproduction of this report in whole or part is not permitted without prior written approval of Knight Frank España S.A.U. to the form and content within which it appears. Knight Frank España is a limited liability partnership registered in the Mercantile Register of Madrid with Tax ID No. (CIF) A-79122552. Our registered office is located at Suero de Quiñones 34, 28002 Madrid.