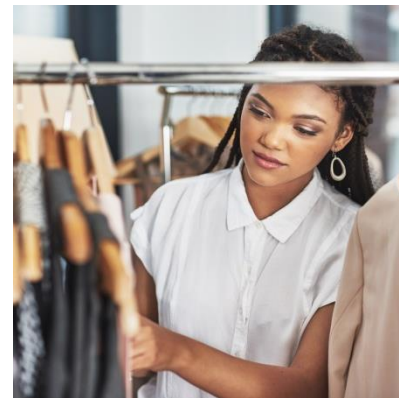


RETAIL PROPERTY IN FRANCE

2017 SUMMARY & 2018 OUTLOOK



Economy

- In 2017 the French economy obtained **its highest rate of growth since 2011**, even though household spending declined year on year due to higher inflation and lower purchasing power. Consumption should be kick-started in 2018, and particularly in 2019.
- Following a very poor 2016, **2017 could establish a new record in terms of overnight-stays by tourists in Paris**. The largest cities in the provinces (Bordeaux, Lyon, Toulouse, etc.) have also been attracting more visitors, whilst the **Cote d'Azur has been seeing a return in foreign tourists**.

Retailers

- **The performances of different activity sectors remains very mixed**, with major upheavals in 2017 demonstrated by new consolidations (Bricomarché/Bricorama, Gifi/Tati, Gamm Vert/Jardiland, etc.), and other brand separations, planned or in progress (Besson, André, etc.).
- Brands are **constantly adapting** their networks to the new reality of retail. Whilst many are selling or moving their stores, they all tend to **promote « Phygital » experience**.

Lettings

- The trade-off that brands weigh before anything else is secondary sites and locations, but prime sites can equally be affected (accelerated turnover, downwards pressure on rental values). No format is safe, and **the success of a site lies in its intrinsic qualities more than the type of asset**.
- The Parisian market remains dynamic, and **holds a place separate to the rest of France** thanks to its international showcase status, backed by the return of foreign tourists and important upcoming projects in the heart of the capital.

Investment

- Nearly **€3.9bn has been invested in the retail market in 2017** ; a **decline of 19% year-on-year**, and 14% of the total amount invested in France, marking the lowest since 2008.
- The spread of asset type is **much more balanced than in the previous 3 years**. **High streets remain the most sought after**, with a 39% share. The share of shopping centres rose quite sharply, but not matching the pre 2016 level. Close to the 2016 record, **volumes invested in the retail warehousing sector remain well above their long-term average**.

ECONOMIC ENVIRONMENT



Indicators improving

Economic indicators for France

Annual growth in %, unless otherwise noted

Indicator	2016	2017e	2018f	2019f
GDP	1.1	1.9	1.7	1.8
Inflation	0.3	1.2	1.4	1.2
Household consumption	2.1	1.2	1.5	1.7
Household income ¹	1.8	1.6	1.7	2.5
Household confidence ²	99	105	-	-
Unemployment (throughout France)	10.1	9.6	9.6	9.2

¹Household gross disposable income

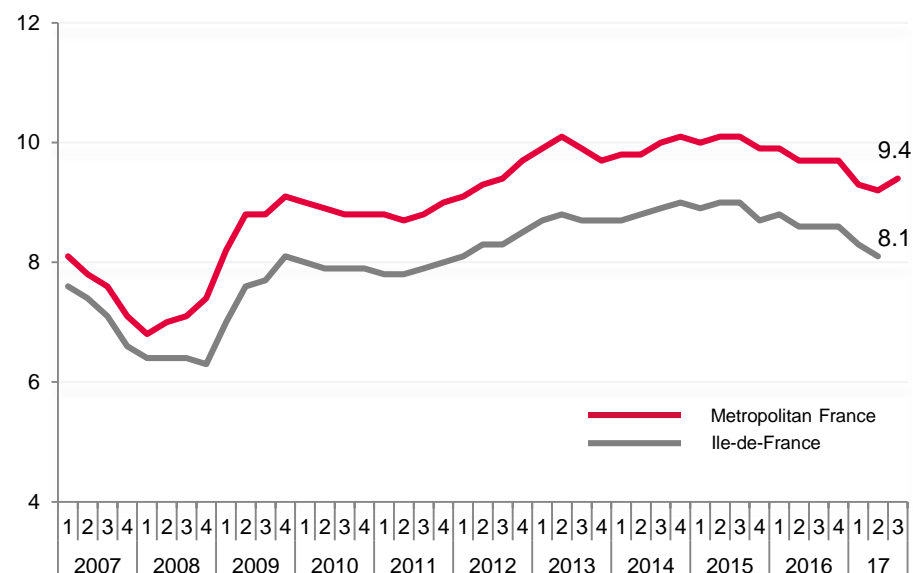
²Composite indicator, end-September of each year

Sources: INSEE / Banque de France

Unemployment slowly improves

Unemployment rate in metropolitan France

In %, as defined by the ILO, Data adjusted for seasonal variations



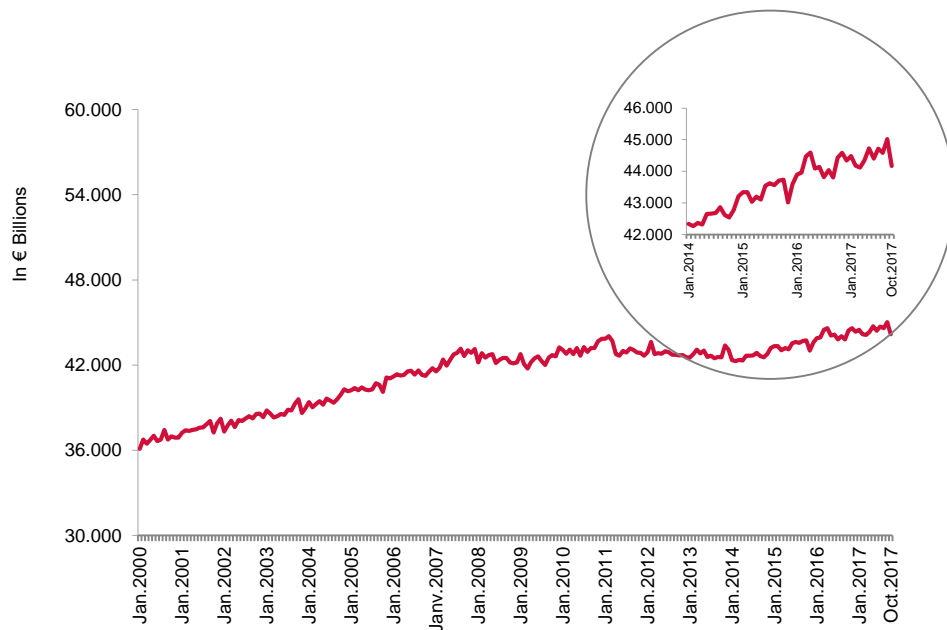
Source: INSEE

- After several years of weak growth (+1.0 to 1.1 % between 2014 et 2016), 2017 saw the French economy reaching its **highest growth rate since 2011** (+1.9%) thanks to the rise in business investment and a rebound in exports, even though the contribution from foreign trade remains negative.
- The improvement in the business climate could be associated to the **reforms undertaken in recent months**, and the **new economic policy guidelines**, which would also contribute to the recovery of public finances.

Growth spurt in sight

Retail sales volume in France

Previous year's prices and chain-linked volumes



Source: INSEE

A return of confidence

Household opinion

Composite indicator, Data adjusted for seasonal and working-day variations



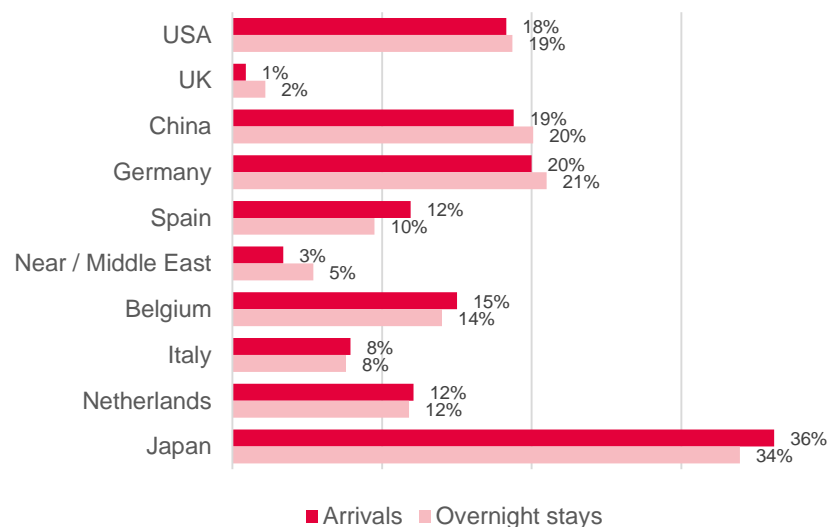
Source: INSEE

- After a sharp rise in 2016 (+ 2.1%), **household consumption lost strength in 2017 as a result of higher inflation rates, lower purchasing power, and a slight rise in the savings rate, which in 2016 reached its lowest level since the early 1990s.**
- After a slight acceleration in 2018, **the rebound in household consumption should be more pronounced in 2019 and 2020** due to tax cuts and improved financial income.

Tourism : 2017 a record year?

Change in number of arrivals and overnight stays in Ile-de-France

Change in % for 2016–2017, at the end of October

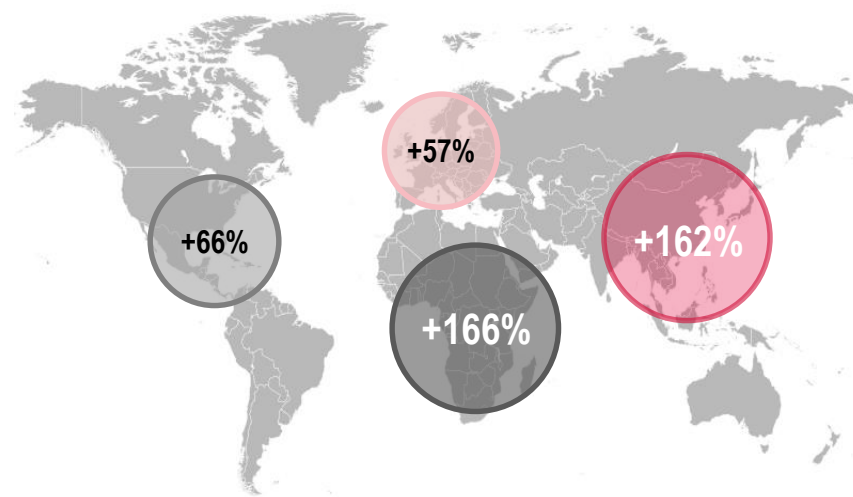


Source: CRT Ile-de-France

An encouraging outlook

Estimates raised for arrivals of international tourists

Per continent, between 2010 and 2030, in %



Source: OMT

- From January to October, **the number of overnight stays hotel in Ile-de-France increased by 11%** thanks to the combined increase in business tourism and French (+ 6.9%) and foreign (+ 13.9%) customers.
- **Prospects look encouraging.** 54% of tourism professionals in the Ile-de-France region surveyed by the CRT (Comité Régional du Tourisme d'Ile-de-France) anticipate an improvement in activity in 2018. In the longer-term, Paris will benefit from the growth in world tourism, with international arrivals expected to increase by 3.3% between 2010 and 2030 (+ 2% in Western Europe).

Contrasting performances

Change in retail sales

Performance of various retail sectors in France

Furniture

Annual growth
End of October



▲ 2,0 %

Clothing

Annual growth
End of November



▲ 0,9 %

DIY

Quarterly growth
End of November



▲ 0,3 %

Food

Quarterly growth
End of November



▼ 0,4 %

Sources: IFM, IPEA, FMB, Banque de France

Sector shake-up

Examples of acquisitions

Recent, in progress, and upcoming

FNAC DARTY



Besson
· chaussures ·



NAF NAF
PARIS



TABLAPIZZA

Jardiland
CULTIVEZ VOTRE BIEN-ÊTRE



ERIC BOMPARD
CACHEMIRE PARIS

Sources: Knight Frank, presse

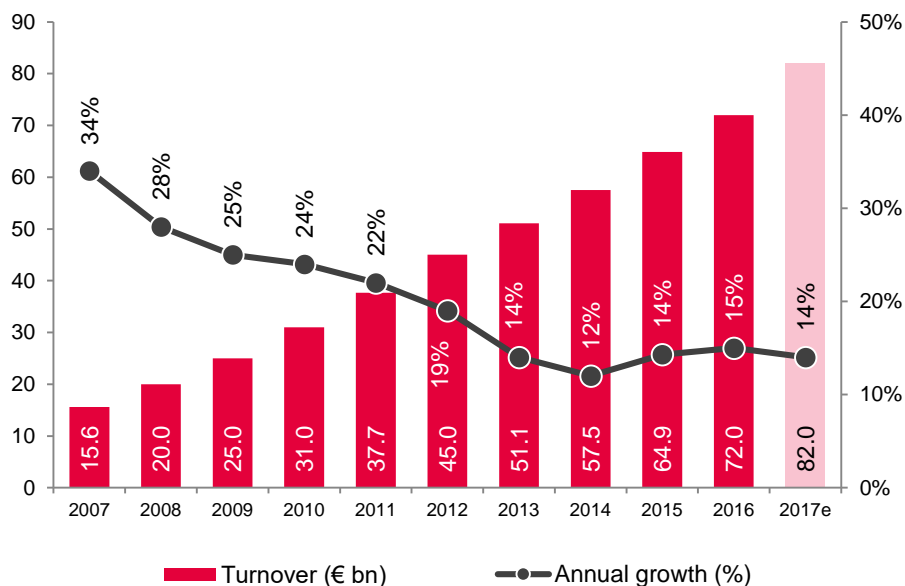
- The year 2017 saw fresh movement in consolidations (Bricomarché / Bricorama, Gifi / Tati, etc.) and brand separation projects (Besson, André). Some sectors were more shaken-up than others, for example fashion, even though **sales will be returning positive in 2017** after a long 10 year decline.
- Although many players are selling or moving their premises, **all are adapting** their networks to the new reality of retail (**promoting « Phygital »** and improving the **overall shopping experience** etc.).

RETAIL STRATEGIES AND RETAIL FORMATS



Steady pace of growth

E-commerce revenues

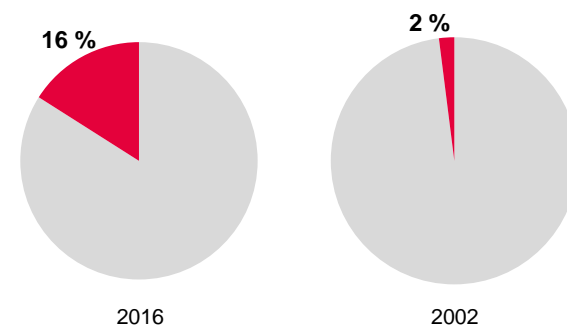


Source: Fevad

Mobile breakthrough and click & collect

Share of m-commerce in total online sales

Source : Fevad



"Thanks to the performance of online platforms combined with the continual development of the regional network, omni-channel sales accounted for 48% of the Group's internet sales in the quarter."

Source: Groupe FNAC-Darty, results for Q3 2017.

- E-commerce has maintained a steady growth rate in 2017, with sales expected to exceed 80 billion euros (+ 14% over one year). **The 100 billion mark could be reached in 2020.**
- The growth in e-commerce is driven by the mobile network (+ 48% year-on-year in Q3 2017), the breakthrough of "marketplaces" (+ 16% year-on-year in Q3 2017) and **the sharp rise in online sales of certain categories of products, such as fashion** (16% of e-commerce sales, ahead of food).

Numerous expansion projects

Examples of expanding retailers

In France, by activity

Source: Knight Frank

FASHION / SPORTSWEAR	RESTAURANTS	FOOD	DISCOUNT / VARIETY	OTHER
Armani Exchange	231 East Street	Ange	Action	Amazing Jewelry
Chaussea	Au Bureau	Bio C Bon	Centrakor	Basic Fit
Happychic	Beef House	Grand Frais	Costco	Cultura
H&M	Bistro Régent	Kusmi Tea	Easy Cash	Jimmy Fairly
JD Sport	Five Guys	La Vie Claire	Gifi	Leroy-Merlin
Jott	Memphis Coffee	Marie Blachère	Hema	Maxi Zoo
Le Slip français	O'Tacos	Naturalia	La Foir'Fouille	Orchestra
Primark	Prêt à Manger	NaturéO	Maxi Bazar	Rituals
Superdry	Starbucks	Nespresso	Stokomani	Saga Cosmetics
Uniqlo	Steack n'Shake	Nostrum	Tiger	Sostrene Grene
Vib's	Wagamama	Palais des Thés	Zeeman	Zôdio

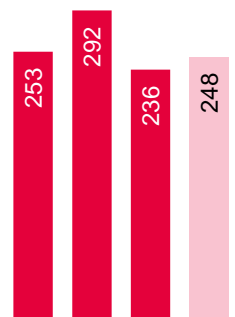
- Expansion projects are still numerous, driven by the **growth of certain categories of products** (food, fitness, cosmetics, etc.), the **continued growth of franchising**, and the **creation of new concepts**.
- While **the number of new entrants remains relatively limited**, 2017 saw the arrival of several foreign brands in various market segments (Urban Outfitters, Kate Spade, Yamamay, Amazing Jewelry, Deichmann, etc.).

A permanent revolution

Creation of new concepts

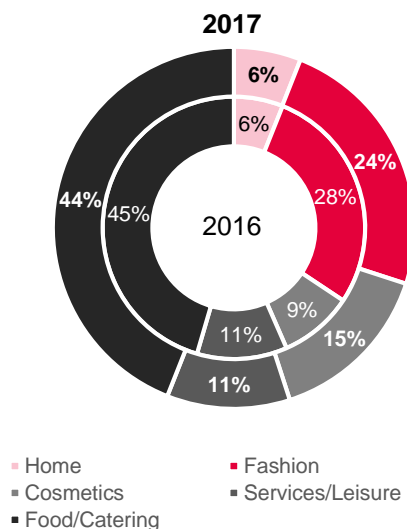
All sectors, in France

Number of new concepts per year



2014 2015 2016 2017

Breakdown by activity sector



■ Home
■ Cosmetics
■ Food/Catering
■ Fashion
■ Services/Leisure

Pop-ups picking up steam

Examples of pop-up store openings in 2017

Brand	City	Address
CARTIER	Paris 7	76 rue des Saints-Pères
DIOR	Paris 1	386 rue Saint-Honoré
ETAM / UNDIZ	Paris 8	118 av. des Champs-Élysées
KENZO	Paris 3	120 rue Vieille du Temple
LA GRANDE RÉCRÉ	Paris 4 / 8	Rue de Rivoli / Champs-Élysées
LEBONCOIN	Paris 9	17 bis boulevard Haussmann
LOLĚ	Labège	CC Labège 2
NUXE	Paris 1	32 rue Montorgueil
ROSSIGNOL	Paris 2	24 rue de la Paix
TIFFANY & CO	Paris 4	21 rue du Bourg Tibourg
VANS	Paris 5	5 rue Lacépède
ZENITH	Paris 1	23 place Vendôme

Source: La Correspondance de l'Enseigne

Source: Knight Frank

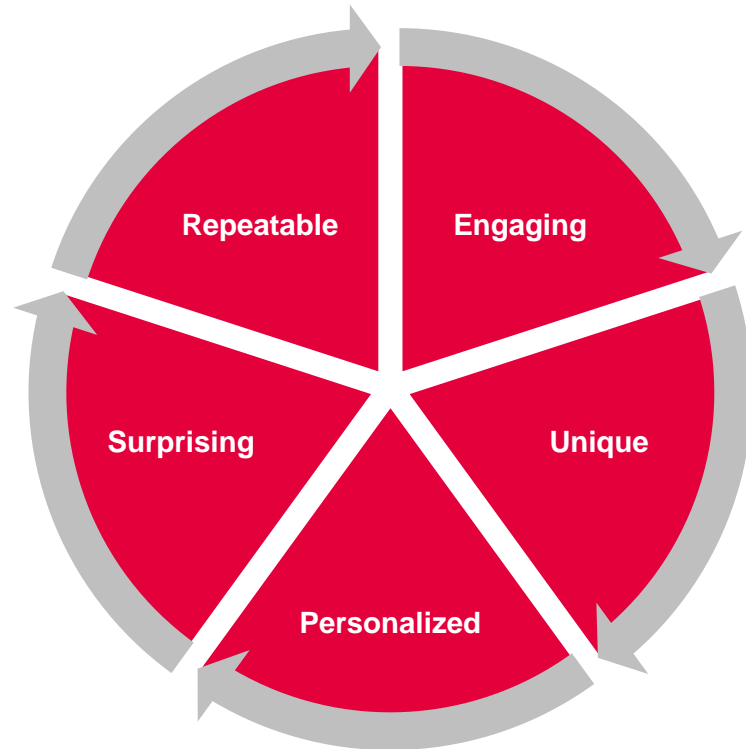
- After a fall in 2016, new concepts are on the rise again. **The food, restaurant and fashion sectors account for two-thirds of them**, ahead of the beauty sector.
- The proliferation of pop-up stores is one of the most obvious manifestations of the ongoing revolution in the French real estate market. Pop-up stores, as well as show-rooms and designer stores, are increasingly popular new formats, **reflecting the new relationships that brands seek to kindle with consumers.**

RETAIL PROPERTY IN FRANCE

RETAIL STRATEGIES AND RETAIL FORMATS

Customer experience comes first

“Experiences won’t just sell products. Experiences will be the products.”



Source: Doug Stephens, retailprophet.com



L'Occitane/Pierre Hermé, 86 Champs-Élysées



House of Vans Paris, Rue Lacépède



Espace communautaire Kiehl's, Bastille



L'Appartement Morgan, 11 av. de l'Opéra



Showroom Vorwerk, 5 bd des Capucines



Showroom Maisons du Monde, 100 rue du Bac



THE LETTINGS MARKET

HIGH STREETS

A dynamic Parisian market

Market trends for Parisian high streets

- Tourists, whose attendance fell sharply in 2016, made a **strong comeback in the French capital**, amidst progress in Sunday opening times in the ZTI (*Zones Touristiques Internationales*). The year 2017 will be remembered as one of the best ever, indicated by the 11% rise over one year in hotel stays over the first 10 months of the year (+ 14% for foreign tourists).
- The acceleration in rotation-rate by brands primarily affects 1bis and secondary locations, but **prime areas are also affected**. This evolution does not, however, challenge the 'flagship' store model. Far from on its last legs, it remains **an essential format for the physical development of stores which strengthens their online presence**. Pop-up stores are also multiplying in various market segments (luxury, fashion, beauty, etc.).
- **The number of newcomers remains relatively low**, but a few arrivals were recorded in 2017 in the prime locations of the capital, such as Urban Outfitters (Rue de Rivoli), Kate Spade (Rue Saint-Honoré) and Rains (in the Marais area). Other foreign brands have done the opposite and left French soil (Marks & Spencer – excluding M & S Food, Costa Coffee, Banana Republic).
- Some sectors remain very dynamic, **such as beauty, sports and fitness, and food/restaurants**. After the Grand Épicerie (Rue de Passy), the next most significant openings are Le Printemps du Goût, Maison Plisson, and Eataly.
- The last few months have also confirmed the **rising presence of brands typically seen on the outskirts** (Heytens, Maisons du Monde, and Weldom, Gifi, etc.), whilst industrialists and purely **web-based companies continue to invest in physical retail** (Vorwerk, Dyson, Birchbox, etc.).
- Outside the luxury sector, which is dominated by the success of Rue Saint-Honoré, **two neighbourhoods have remained particularly lively: the Marais and the Champs-Élysées**, where more than 15 transactions have been recorded since the beginning of 2016. Other hotspots have seen a net renewal of interest, such as **Rue de Passy** and particularly **Rue de Rivoli**, whose close environment has benefited from the dynamism injected by the end or progress of several major projects ("Forum des Halles", "Samaritaine", etc.).
- With the exception of those last two high streets, whose best locations are showing slight upwards pressure, **prime rental values remain broadly stable**. The poorer locations in prime streets may occasionally experience downward pressure, particularly on the 1 bis and secondary areas.

Examples of significant recent transactions in Paris

Source: Knight Frank

Retailer	Address	District	Area (m ²)	ZA rent (€/m ²)
Nike	79 Avenue des Champs-Élysées	Paris 8	4,500	14,500
Citadium	65-67 Avenue des Champs-Élysées	Paris 8	1,550	7,500
Foot Locker	66 Avenue des Champs-Élysées	Paris 8	1,400	10,500
Dyson	5 rue Auber	Paris 9	1,200	1,900
Maisons du Monde	29 avenue de Wagram	Paris 17	1,100	1,000
L'Occitane	86 Avenue des Champs-Élysées	Paris 8	750	20,500
Weston	55 Avenue des Champs-Élysées	Paris 8	600	14,300
Steak n' Shake	25 boulevard Sébastopol	Paris 1	500	1,300
Christian Louboutin	400 rue Saint-Honoré	Paris 1	400	11,300
Women's Secret	12 rue de Passy	Paris 16	250	2,200
Christofle	221 rue Saint-Honoré	Paris 1	250	5,800
Yellow Korner	47 rue de Sèvres	Paris 6	250	1,800
Moschino	255 rue Saint-Honoré	Paris 1	200	11,800
Tumi	63 Avenue des Champs-Élysées	Paris 8	150	9,100



L'Occitane/Pierre Hermé, 86 Champs-Élysées



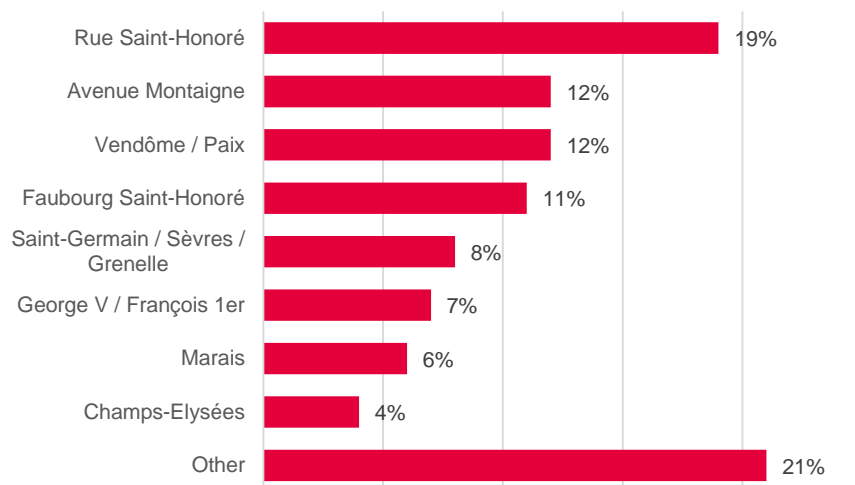
Foot Locker, 66 Champs-Élysées

Rue Saint-Honoré: still the most popular

Focus on the luxury market in Paris

Breakdown of openings by area

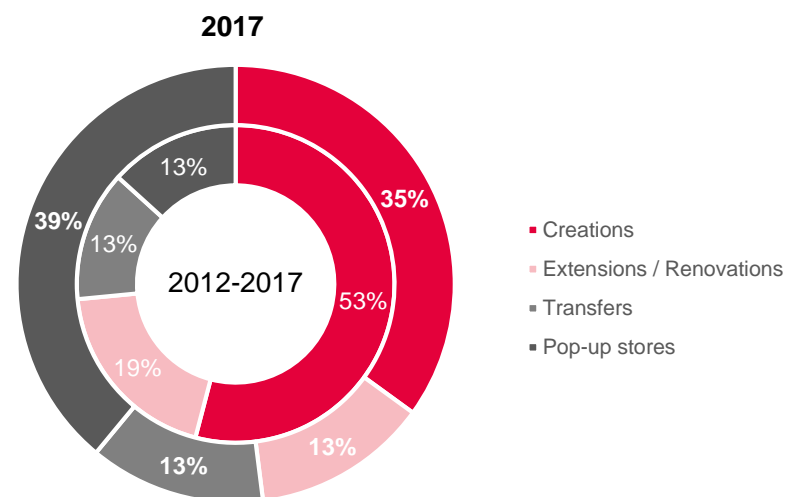
Share in %, of the total openings 2012-2017 in Paris



Source: Knight Frank

Breakdown of openings by type

Share in % of the total openings in Paris



Source: Knight Frank

- Despite a more buoyant environment (the return of foreign tourists, a recovery in global luxury sales, the results of major groups, etc.), the luxury market in Paris was less dynamic in 2017, with **a clear drop in the number of openings compared to 2016**.
- Some major trends have been confirmed: **the success of Rue Saint-Honoré, where several other openings are expected in 2018** (Saint Laurent, Moschino, Graff, etc.), pop-up stores, whose share only increases over time, and the emphasis on opening “Maisons” – ideally located and offering an ever more sophisticated shopping experience (Louis Vuitton Place Vendôme).

Rental values stabilising

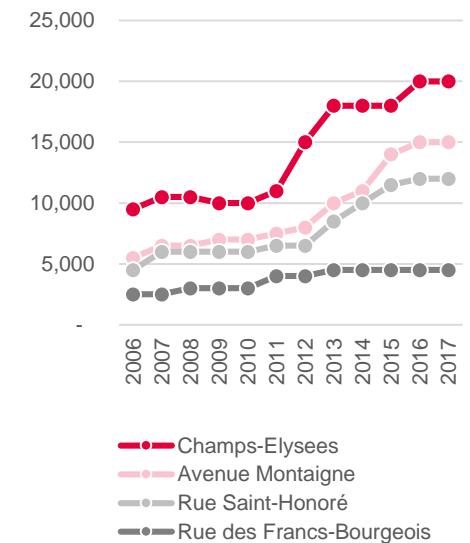
In Paris, in €/m²/year Zone A*

Source: Knight Frank

Area or High Street	District	Rent in Q4 2016	Rent in Q4 2017	Annual evolution
Avenue des Champs-Élysées	Paris 8	20,000	20,000	→
Avenue Montaigne	Paris 8	15,000	15,000	→
Rue du Faubourg Saint-Honoré	Paris 8	15,000	15,000	→
Rue Saint-Honoré	Paris 1	12,000	12,000	→
Boulevard Haussmann	Paris 8 / 9	6,000	6,000	→
Sèvres / Saint-Germain	Paris 6 / 7	6,000	6,000	→
Marais	Paris 3 / 4	5,000	5,000	→
Capucines / Madeleine	Paris 1 / 2 / 8 / 9	4,000	4,000	→
Rue de Rivoli	Paris 1 / 4	4,000	4,000	↑
Rue de Passy	Paris 16	2,500	3,000	↑

Evolution of prime rental values

Between 2006 and 2017, in €/m²/year, ZA



Source: Knight Frank

RETAIL PROPERTY IN FRANCE

HIGH STREETS | PARIS

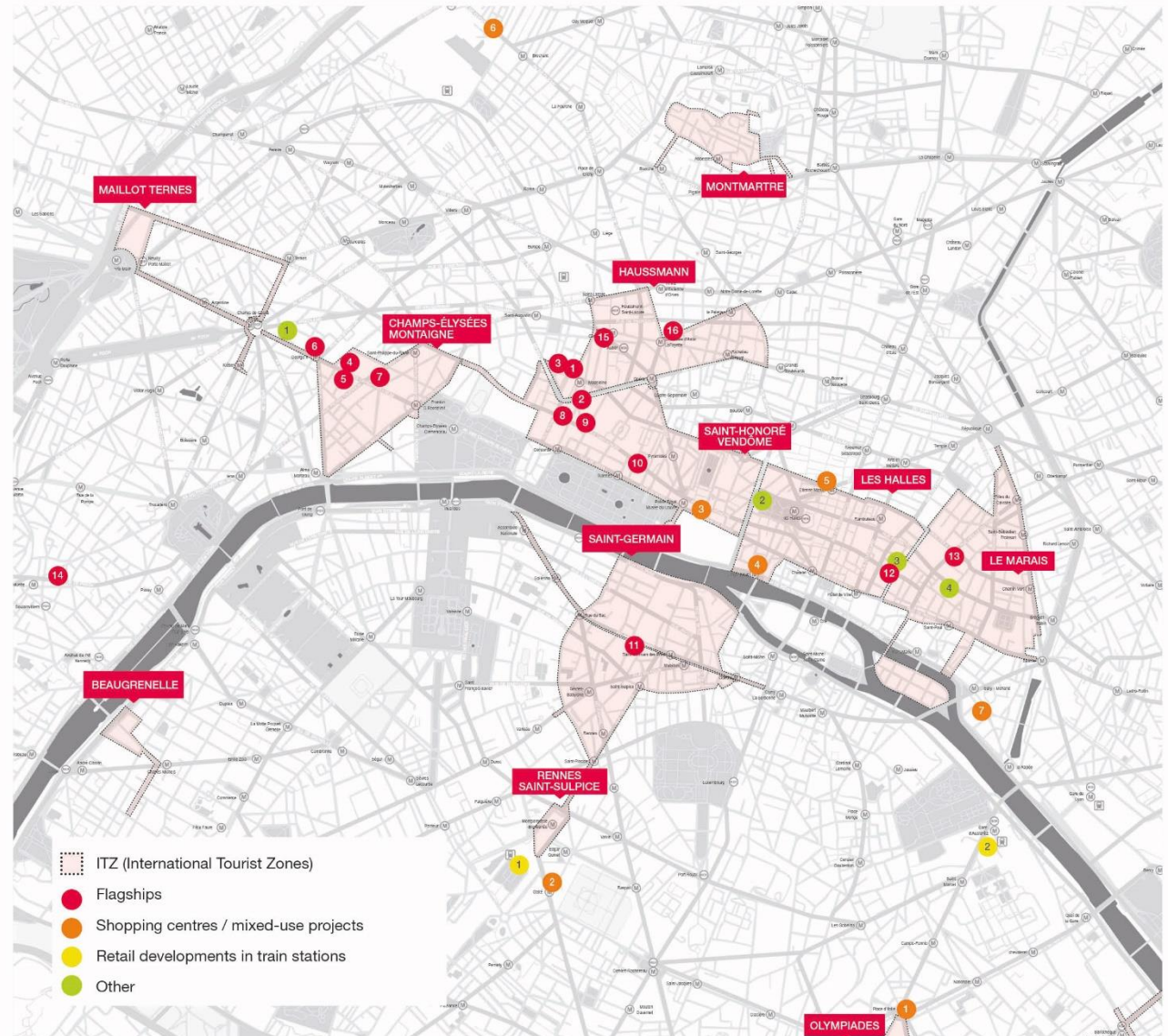
Change is in the air

Examples of recent and upcoming projects

In Paris, between 2017 and 2021

Source: Knight Frank

- | | |
|---|--|
| 1 Leroy-Merlin
Place de la Madeleine | 9 Chanel
Rue Saint-Honoré |
| 2 Former C&A
Boulevard de la Madeleine | 10 Saint Laurent
Rue Saint-Honoré |
| 3 Hédiard
Place de la Madeleine | 11 Former Infnitif
Boulevard Saint-Germain |
| 4 Kiko
Avenue des Champs-Élysées | 12 Eataly
Rue Sainte-Croix de la Bretonnerie |
| 5 Nike
Avenue des Champs-Élysées | 13 Former G-20
Rue Vieille du Temple |
| 6 Apple
Avenue des Champs-Élysées | 14 Grande Épicerie de Paris
Rue de Passy |
| 7 Galeries Lafayette
Avenue des Champs-Élysées | 15 Former Benetton
Boulevard Haussmann |
| 8 Dior
Rue Saint-Honoré | 16 H&M
Rue Lafayette |
| 1 Italk
Place d'Italie | 1 Gare Montparnasse |
| 2 Gaité-Montparnasse
Avenue du Maine | 2 Gare d'Austerlitz |
| 3 Louvre des Antiquaires
Place du Palais-Royal | 1 MK2 cinema
Avenue des Champs-Élysées |
| 4 Samaritaine/DFS
Quai du Louvre | 2 Fondation Pinault
Rue de Viarmes |
| 5 Poste du Louvre
Rue du Louvre | 3 Lafayette Anticipations
Rue du Plâtre |
| 6 ZAC Clichy Batignolles | 4 Hôtel de Coulanges
Rue des Francs Bourgeois |
| 7 Morland Mixité Capitale
Boulevard Morland | |



A dynamic year for the biggest cities

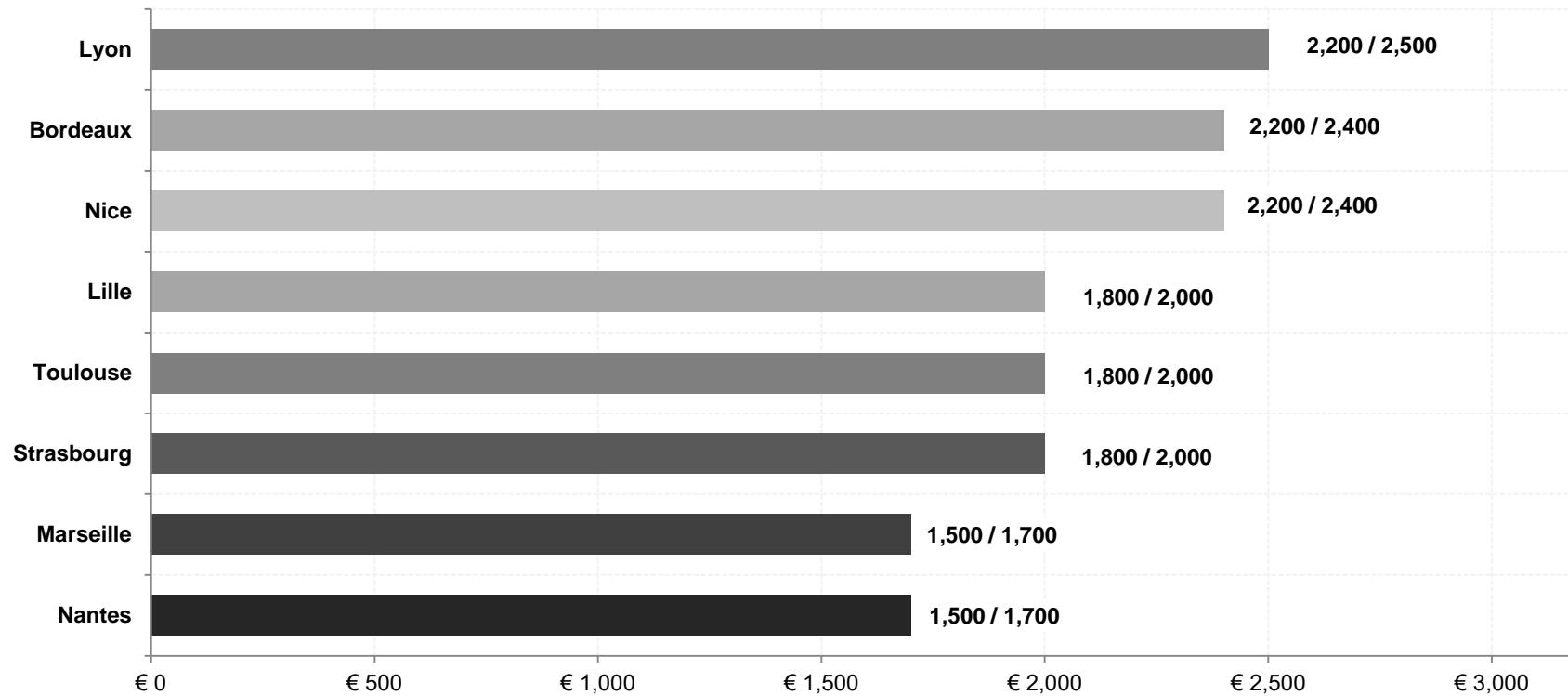
Market trends for high streets in the provinces

- **Large regional cities have attracted more tourists in 2017.** Bordeaux, aided by the commissioning of the high speed train (the 'LGV'), has almost certainly seen a record year. In addition, **foreign visitors have returned to the Côte d'Azur**, after 2016 was marked by an attack on the 14th July in Nice.
- Uniqlo, Hema, Tiger, Nespresso, Starbucks, Sostrene Grene, Rituals and Five Guys are noteworthy examples of **major international brands continuing their expansion in the provinces**. Some new entrants have also been acknowledged, such as Wagamama in Lyon, or Yamamay in Cannes.
- In Lyon, **openings have multiplied thanks to the success of some major projects**. In addition to the Grand Hotel Dieu, which is scheduled to open in 2018, several stores have opened or plan to do so in the Grolée-Carnot sector (Uniqlo, Décathlon, Courir, Hard Rock Cafe, Bialetti, etc.).
- **Other major cities are seeing large commercial projects materialising**. This is particularly true of Nice, with 'Thiers' and 'Sud' railway stations, or Lille, with the restructuring of 31 Rue de Béthune and the CCI building project. Large shopping centre schemes have also been registered, with the start of work at Lillenum after the recent extension of Euralille.
- Significant projects and openings are also occurring in the city centres of other regional capitals, such as Truffaut taking the place of Habitat in Rue de Metz, Uniqlo and Rituals in Nantes, and Uniqlo in Montpellier. This is also the case for **good locations in smaller cities**, such as Rennes (with Nespresso and Sostrene Grene), Grenoble (Hema), Nancy (Pandora) and Rouen (Nespresso).
- In Cannes, new luxury store openings on the Croisette are rare (Dsquared2), and are mainly transfers or renovations of existing stores (Saint Laurent, Hublot, etc.). Contrastingly, there are an **increasing number of openings on Rue d'Antibes** (Oysho on 300 m² at 73, but also Yamamay, Bonobo, etc.).
- **The streets of central Marseille continue to suffer from a lack of interests by brands**, whereas a new shopping centre, Le Prado, will open in 2018 aimed at the mid to high-end market.
- Whilst some have been successful, **medium-sized cities are still suffering** from trade-offs by retailers and competition from other retail formats, in a context of vacancy rate growth in France (11.7% in 2017 against 7.2% in 2012 - source Procos).

Stabilising of rental values

In the provinces, in €/m²/year Zone A*

Source: Knight Frank





THE LETTINGS MARKET

SHOPPING CENTRES, RETAIL PARKS & FACTORY OUTLETS

The challenge of renewal

Trends in the French shopping centre market

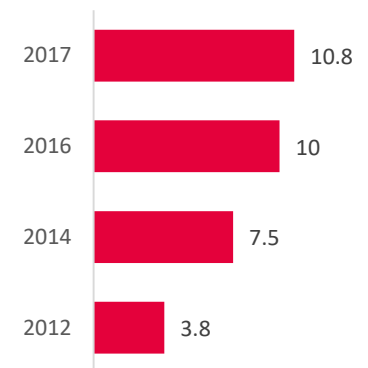
- The market environment remains difficult. Retailers make faster strategic decisions and **the competitive pressure of peripheral areas is not weakening**, as illustrated by the continued development of new retail parks
- In this setting, landlords must take additional measures to market their assets, and also **be more imaginative to renew supply**. This renewal involves a faster turnover of retailers, and the multiplication of kiosks, show-rooms and pop-up stores, and the increasing share of the catering sector, is favoured by the landlords as it increases the amount of time customers spend in their centres.
- **Among the most dynamic sectors, besides restaurants, are those of beauty (Rituals, Lush, Nyx, etc.) and sports (Foot Locker, JD Sport, New Balance, etc.).** The major fashion brands also continue to expand, favouring the expansion of their stores in major existing regional centres (H&M in O'Parinor), and the opening of flagship stores in new regional centres (Zara in the Prado, Uniqlo in Muse) or medium-sized cities (H&M in Pau and Colmar).

Finally, the changeover of tenants has partly been the result of the **arrival of new brands, although these have been fairly limited in 2017** (Deichmann, Wagamama, Amazing Jewelry, L'Erbolario, etc.).

- The volume of new shopping centre openings dropped significantly in 2017 due to a limited number of major creations (Muse in Metz). The trend is increasingly to work on existing shopping centres. Thus, **2017 was dominated by the completion of several extension operations of regional shopping centres** (Val d'Europe, Carré Sénart, Parly 2). That said, **2018 will see the opening of several important new projects**, such as the Prado in Marseille or B'Est in Farebersviller.
- The market continues to be very concentrated. After Corio's acquisition by Klépierre in 2014, **the Unibail-Rodamco takeover of Westfield has dominated the news for the last few weeks.**

Average vacancy rate for shopping centres

In %



Source: Procos, according to Codata.

From extensions to creations...

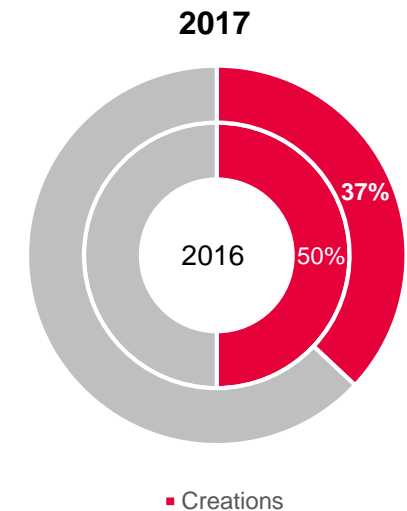
Examples of significant openings and shopping centre projects

Source: Knight Frank

Year	Shopping Centre	City	Type	Area (m ²)
2017	Muse	Metz (57)	Creation	37,000
2017	Carré Sénart	Lieusaint (77)	Extension	29,900
2017	Val d'Europe	Serris (77)	Extension	17,000
2017	Bab 2	Anglet (64)	Extension	8,000
2017	Grand Quartier	Rennes (35)	Extension	8,000
2017	Parly 2	Le Chesnay (78)	Extension	7,600

Year	Shopping Centre	ReCity	Type	Area (m ²)
2018	B'Est	Farebersviller (57)	Creation	55,000
2018	Le Prado	Marseille (13)	Creation	23,000
2018	Grand Hôtel Dieu	Lyon (69)	Creation	17,000
2018	Hall in One	Saint-Chamond (42)	Creation	9,600
2018	Saint-Sever	Rouen (76)	Extension-Renovation	7,000
2018	Halle Bocca	Bordeaux (33)	Creation	6,800

Share of creations of new shopping centres in France
In %, over the total volume of openings



Source: Knight Frank

Peripheries on the rise

Trends in the French retail park market

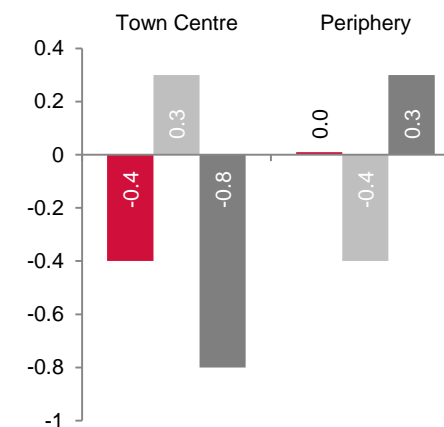
- On the outskirts, **medium and large floor areas continues to perform better than town centre and mall stores**. Over the first 11 months of 2017, their activity increased by 0.3% over one year. Whilst the percentage of vacant premises in peripheries is increasing (7.3% at the end of 2017), it remains lower than shopping centres (10.8%) and high streets (8.5% - source Codata).
- The retail warehousing market benefits from the **demographic dynamism** of the outer suburbs, but also from **changes in consumption patterns**. It thus meets the requirements of consumers in terms of practicality and proximity (drive and click & collect), in an ever more qualitative purchasing environment.
- While **low-cost retailers remain very active**, the catering, leisure and fitness, fashion and services sectors are also dynamic.
- In 2017, JD Sport and New Look opened their first store in retail parks ("Promenade de Flandre" near Lille and "Shopping Promenade Heart Picardy"). New brands are constantly entering this sector, which **increasingly borrow from shopping centre and city centre formats**.
- Able to offer **more moderate occupancy costs**

than town centres or shopping centres, the retail warehousing market is also able to respond to business rationalisation strategies (extensions to larger areas that have easier access, multi-store developments etc.). These optimisation strategies, however, **speed up retailer relocations**, at the expense of secondary sites.

- The volume of openings has remained high in 2017, propped-up by the all important number of projects and by the creation of large complexes ("Promenade de Flandre", "Shopping Promenade Cœur Picardie", etc.). **The pace should not slow down in 2018 and 2019**, with new sizeable creations ("Open Sky" in Pacé) and likewise the redevelopment of large sites and pre-existing sites ("Wood Shop" in Cesson).

Turnover evolution, specialised retail

Cumulative, 11 months, January-November 2017



- Town Centre including:
 - Shopping Centre Shops
 - High Street Shops
- Periphery including:
 - Shopping Centre Shops
 - Medium and Large Sized Shops

Source: Procos

A steady pace of growth

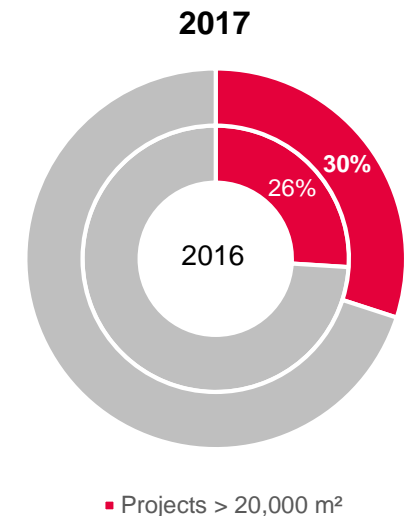
Examples of significant retail park projects and openings

Source: Knight Frank

Year	Retail park	City	Type	Area (m ²)
2017	Promenade de Flandre	Roncq (59)	Creation	45,000
2017	Shopping Promenade	Amiens (80)	Creation	40,000
2017	Lexy Park	Lexy (54)	Creation	33,500
2017	Eden (phase 1)	Servon (77)	Creation	19,000
2017	Grand Mail 2	Saint-Paul-lès-Dax (40)	Extension	15,700
2017	Pop'A Lens 2	Vendin-le-Vieil (62)	Creation	15,300

Year	Retail park	City	Type	Area (m ²)
2018	Les Promenades de Brétigny	Brétigny-sur-Orge (91)	Creation	49,000
2018	Wood Shop	Cesson (77)	Redevelopment	42,000
2018	Open Sky	Pacé (35)	Creation	40,000
2018	La Sucrierie	Abbeville (80)	Creation	30,000
2018	Cap Saran	Saran (45)	Creation	29,200
2018	Aren'Park	Cergy-Pontoise (95)	Creation	20,000

Share of projects > 20,000 m² in France
In %, over the total volume of openings



Source: Knight Frank

Factory outlets breakthrough

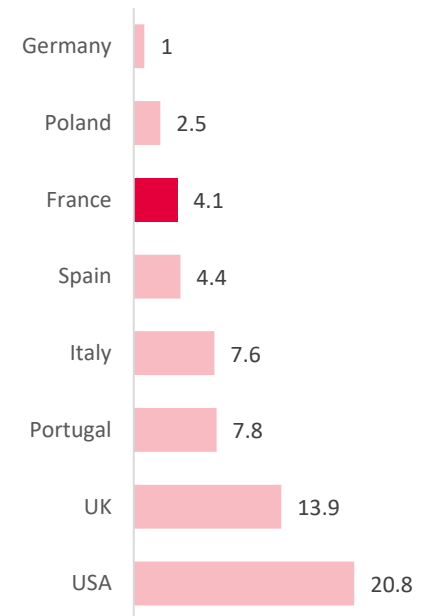
Trends in the French factory outlet market

- With a stock totalling less than 500,000 m², mainly located in the north of the country, the designer outlet represents only a small part of the retail property market in France.
- In recent years, however, **projects have continued to multiply in France**. Nearly 150,000 m² have been opened since the beginning of 2010, including around 35,000 m² in 2017. In addition to the extension of Romans-sur-Isère, **two new factory outlets have been opened in regions which previously had none**: "Honfleur Normandy Outlet" and "McArthurGlen Provence" in Miramas near Marseille.
- The pace at which new outlet centres are being developed is not expected to slow down. Thus, **several projects, totalling almost 200,000 m², have been announced or are planned between 2018 and 2020**; although it is likely that only a few of them will materialise, as the development of new outlets often faces much opposition.
- Among the most significant projects, some will

be complimenting the existing stock in certain regions (Ile-de-France, with the "City Outlets Paris" in Romainville, Rhône-Alpes with "Le Village des Alpes" in Villefontaine). Others, however, will be firsts ("Viaduct Village" at La Cavalerie).

- Despite the particularity of this format **France still has potential for development**, particularly in areas which have not seen much, because of the activity it brings with local consumers, tourists, and a growing number of businesses.
- Indeed, factory outlets have transformed themselves and are now **better aligned with the expectations of both consumers and retailers**. They offer an increasingly sophisticated buying environment and architecture, and **more diversified and upmarket concepts** – a far cry from the first factory outlet centres of the 1980s.

Gross lettable area globally
Per 1,000 inhabitants, in m²



Source: Neinver/ICSC

An acceleration in development

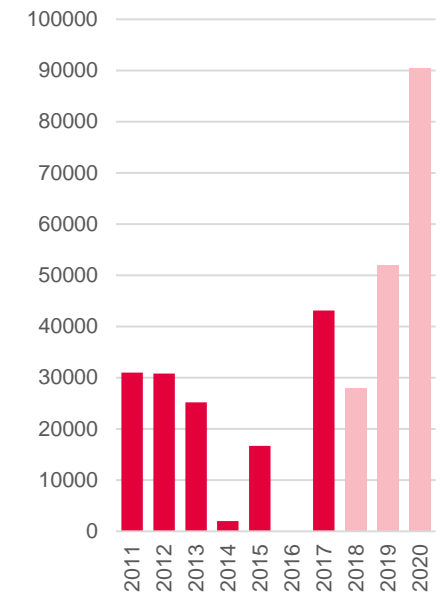
Examples of significant openings and projects of brand centres

Source: Knight Frank

Year	Factory outlet	City	Type	Area (m ²)
2011	Nailloux Outlet Village	Nailloux (31)	Creation	24,800
2012	The Style Outlets	Roppenheim (67)	Creation	27,300
2013	One Nation Paris	Les-Clayes-sous-Bois (78)	Creation	24,000
2015	Marques Avenue A13	Aubergenville (78)	Redevelopment	13,700
2017	Honfleur Normandy Outlet	Honfleur	Creation	12,700
2017	McArthurGlen Provence	Miramas	Creation	25,000

Year	Factory outlet	City	Type	Area (m ²)
2018	The Village	Villefontaine (38)	Creation	25,000
2018	Viaduc Village (Phase 1)	La Cavalerie (12)	Creation	8,000
2018	L'Escale	Hautmont (59)	Creation	19,900
2019	City Outlets Paris	Romainville (93)	Creation	20,000
2020	Village des Alpes	Châtillon-en-Michaille (01)	Creation	16,000
2020	Village de marques	Coutras (33)	Creation	13,000

Evolution of openings in France
In m², total volume per year



Source: Knight Frank



THE INVESTMENT MARKET

RETAIL PROPERTY IN FRANCE INVESTMENT



	2017	2016	Trend
Volumes invested in retail in France	€3.9 bn	€4.8 bn	↓
Share of retail*	14%	18%	↓
Number of transactions > 100 M€	9	14	↓
Share of volumes invested in the Paris region**	41%	48%	↓
Share of foreign investors**	28%	41%	↓
Prime high street yields	2.75%	2.75%	→
Prime shopping centre yields	4.00%	3.75%	↑
Prime retail park yields	4.75%	4.75%	→

Source: Knight Frank

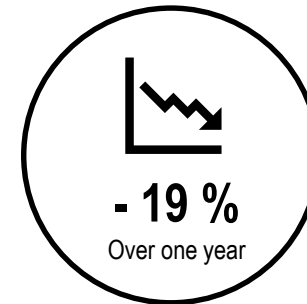
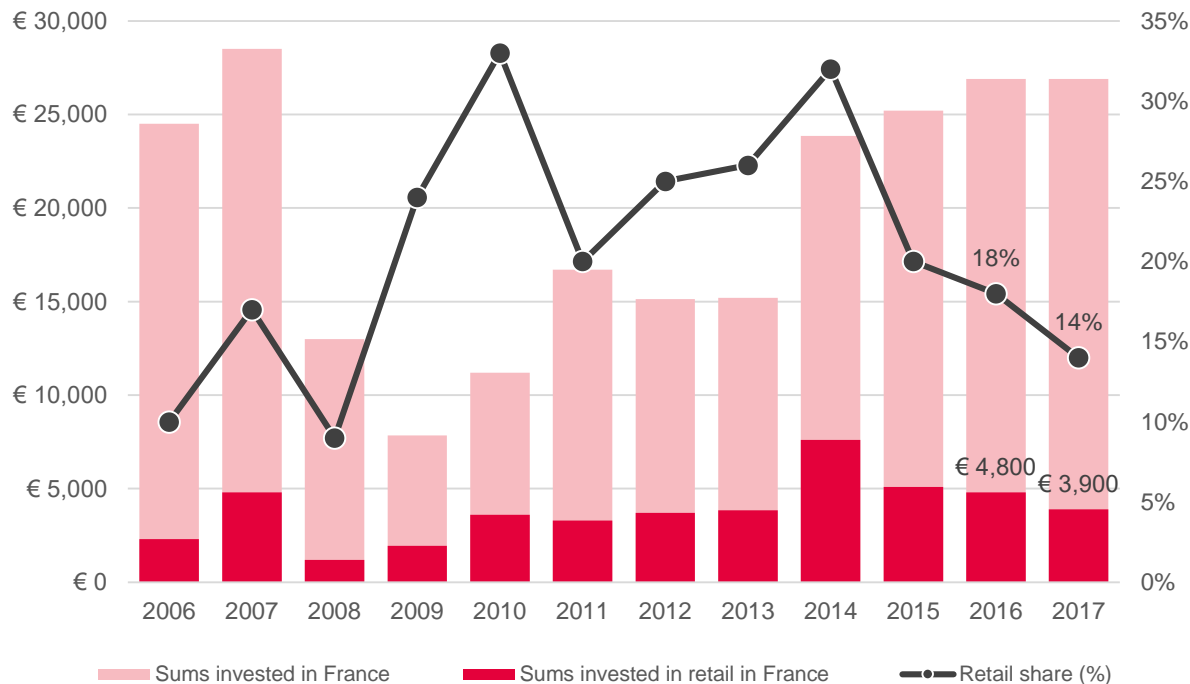
* Share over all volumes invested in France, all types of assets combined. / ** Share over all volumes invested in France, in retail.

19% decrease in volumes invested

Evolution of volumes invested in retail

In France

Source: Knight Frank



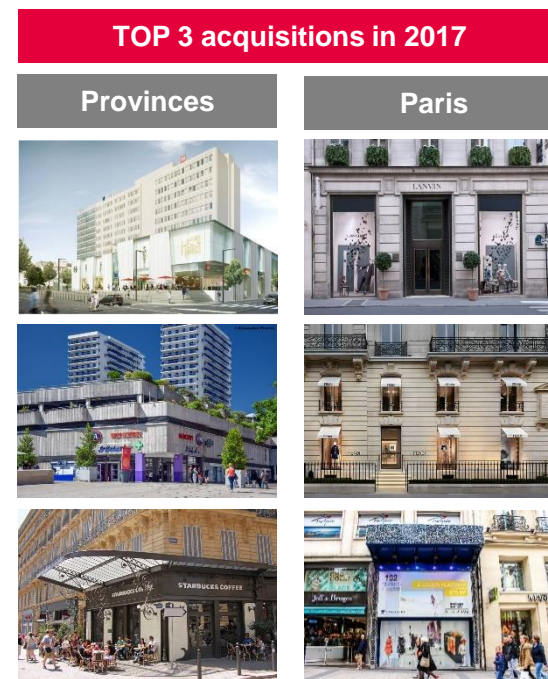
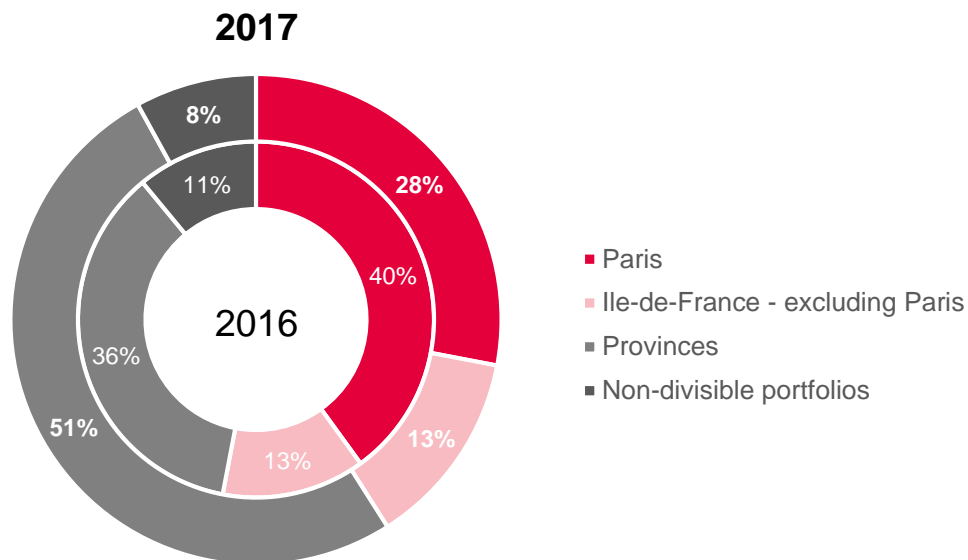
- Retail only accounted for 14% of all the amounts invested in France in 2017, **the lowest share since 2008, and far from the average of the last five years (24%)**.
- Directly linked to the sharp increase in the share of logistics, this decline also reflects the **limited number of premium assets available** on the market, **greater caution from investors in regards to secondary locations**, and the **limited number of large transactions** (9 transactions >100 million versus 14 in 2016).

Net increase in the provinces

Geographical breakdown of volumes invested in retail

In France

Source: Knight Frank



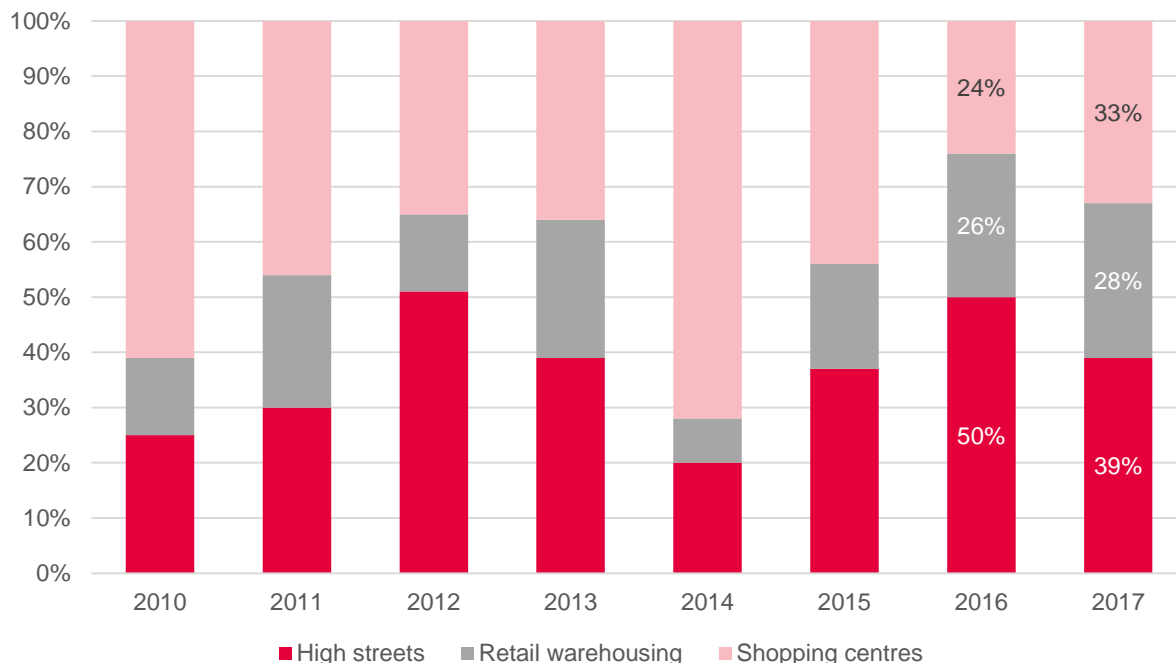
- Analysing the volumes invested in 2017 shows a rather clear evolution in geographical distribution, with **an increase of the provinces**, due to the **sale of several large portfolios (“Heritage”)** and **shopping centres** (Place des Halles, Saint-Sebastien, Lillienium).
- Three transactions > €100M made up just under 40% of the total investment in retail in central Paris. **In the provinces, investors favoured the largest regional cities:** the conurbations of Marseille, Strasbourg and Lille making up 43% of the amount invested in regional retail in 2017.

A more balanced distribution

Distribution of volumes invested in retail by types

In France

Source: Knight Frank



39%

Share of high street investment in France in 2017

- The breakdown by asset type is more balanced than the previous three years. High streets remain the most prized, with a 39% share propped-up by various large-portfolio transactions (“Solstice”, “Héritage”) and prime Parisian assets (Lanvin, Fendi, Kiko). **The share of shopping centres has increased sharply, however remains lower than pre 2016.**
- Close to the 2016 record, **sums invested on the retail warehousing market remain well above their long-term average**, with large single-asset sales (Saint-Orens, Promenade de Flandre, etc.) and several portfolio sales (Ikea, Ekinox, etc.).

RETAIL PROPERTY IN FRANCE INVESTMENT

Examples of significant transactions in 2017 | High streets

Source: Knight Frank

Address	City	Seller	Purchaser	Price €
Lanvin 15 rue du Faubourg St-Honoré*	Paris 8	Lanvin	Richemont	170,000,000
Fendi 51 avenue Montaigne	Paris 8	Private	CNP	148,000,000
Kiko 102 Champs Élysées	Paris 8	Thor Equities / Invesco	AEW Europe	115,000,000
“Héritage” portfolio	Marseille / Lyon	ANF	Primonial Reim	114,000,000
Oysho, Stradivarius, Lush 74 rue de Rivoli*	Paris 4	Eurocommercial Prop.	Generali	79,600,000
Former Pinacothèque 28 pl. de la Madeleine*	Paris 8	Crédit Agricole Assur.	Hines (BVK)	40,000,000
16 rue de la Paix*	Paris 2	CARAC	Immobilière Dassault	35,000,000
Monoprix 129-133 Rue de Belleville	Paris 19	ADIM	La Française	31,100,000
39, 49-51 avenue Victor Hugo	Paris 16	Private	Amundi	28,200,000
Concession Ford et Jaguar 102 av. S. Bolivar	Paris 19	Immoford	Héraclès Inv.	26,300,000
“Star” portfolio	Paris, Issy	Private	Swiss Life Reim	23,650,000
Rue des Halles	Orléans	Casino	La Française	23,100,000
Monoprix 4 rue de Verdun	Montpellier	-	AEW/Ciloger	19,400,000
Portfolio	Paris / Conflans	Portfolio Investissements	BNP Paribas Reim	18,000,000
Portfolio	Paris 9, Paris 15	-	Amundi	17,400,000
Former Spontini 29 rue des Francs Bourgeois	Paris 4	Private	Vastned	15,900,000
Société Générale 32 rue des Archives	Paris 4	Private	Thor Equities	15,000,000
Stefanel 54 rue de Rennes	Paris 6	Private	Thor Equities	15,000,000
Go Sport 21-23 av. de la Porte de Châtillon	Paris 14	Institutional investor	Mata Capital	10,000,000



102 avenue des Champs-Élysées, Paris 8th



74 rue de Rivoli, Paris 4th

* Mixed assets

Examples of significant transactions in 2017 | Others

Source: Knight Frank

Asset / Address	Type	City	Seller	Purchaser	Price €
Place des Halles	SC	Strasbourg	Hammerson / CNP	LIM	291,000,000
Les Docks	SC / OFF	Marseille	JP Morgan	Amundi	231,000,000
“Solstice” portfolio	HS / SC	France	Grosvenor	Amundi	170,500,000
Saint-Sébastien	SC	Nancy	Hammerson	AEW Europe	162,000,000
IKEA portfolio	RW	France	IKEA	Pradera	121,000,000
Quick / Burger King portfolio	RW / SC	France	Foncière des Régions	Pierre 1 ^{er} Gestion	Confidential
Retail park	RW	Saint-Orens	-	ImocomPartners	97,000,000
Enox	RW	Villeneuve-la-Garenne	Cie de Phalsbourg	TH Real Estate	85,000,000
“Bricks” portfolio	FO	Roubaix, Calais	Unibail-Rodamco	Primonial Reim	81,400,000
Cergy 3	SC	Cergy-Pontoise	Private	Hammerson	81,000,000
Promenade de Flandre (50%)	RW	Roncq	Altarea-Cogedim	Immochan	80,000,000 (est.)
Galerie Géant	SC	Poitiers/Beaulieu	Mercialys	Private	78,000,000
L’Aubette	SC	Strasbourg	Altarea-Cogedim/CDC	Deka	Confidential
“Ekinox” portfolio	RW	France	Grosvenor	Amundi	71,000,000
Aubert portfolio	RW	France	Private	Mata Capital	67,000,000
Aren’Park	RW	Cergy-Pontoise	Groupe Duval	Confidential	50,000,000
Buffalo Grill portfolio	RW	France	Klépierre	La Française	38,000,000
Le Mans Sud	SC	Le Mans	TH Real Estate	Constructa	38,000,000
“Margot” portfolio	RW	France	Sofidy	Cofinance Group	34,000,000
Retail Park Kergaradec	RW	Brest	Cie de Phalsbourg	BNP Paribas Reim	32,500,000
Halle Secrétan	SC	Paris 19	Banimmo	Swiss Life	28,000,000
Galerie Géant	SC	Fontaine-lès-Dijon	Mercialys	Stam	27,500,000
Metzanine	RW	Metz	LIM	Marne & Finance	17,500,000



Place des Halles, Strasbourg



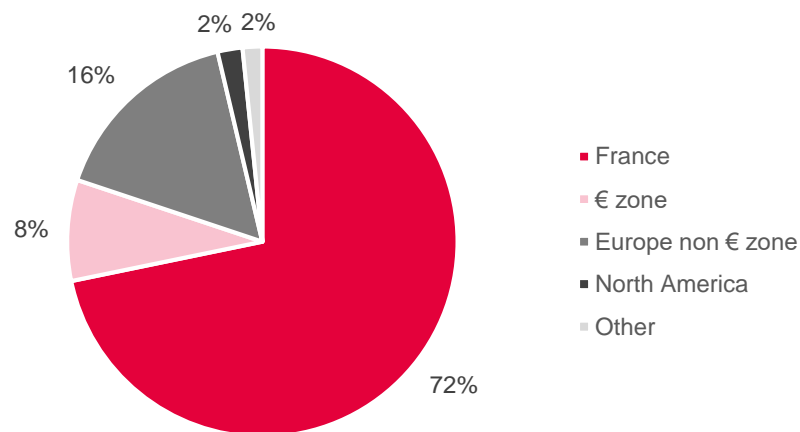
Chanel Outlet Store, Coquelles, “Bricks” portfolio

French investors dominate

Volumes invested in retail, by nationality

In France, in 2017

Source: Knight Frank

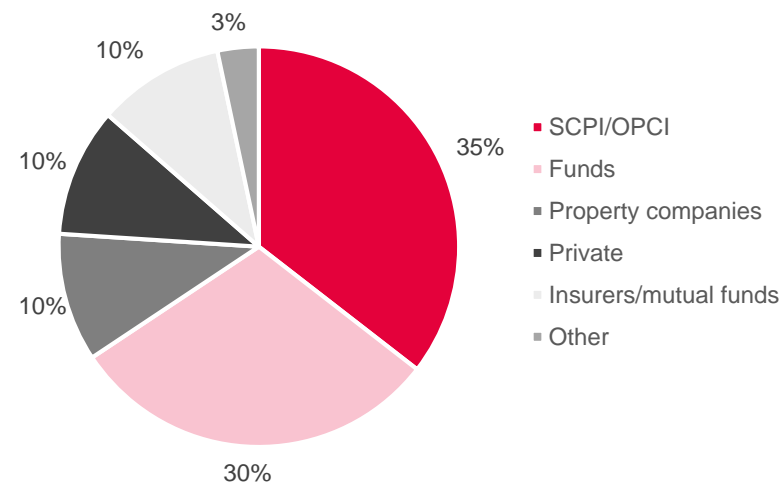


The year of the SCPI/OPCI

Volumes invested in retail, by type

In France, in 2017

Source: Knight Frank



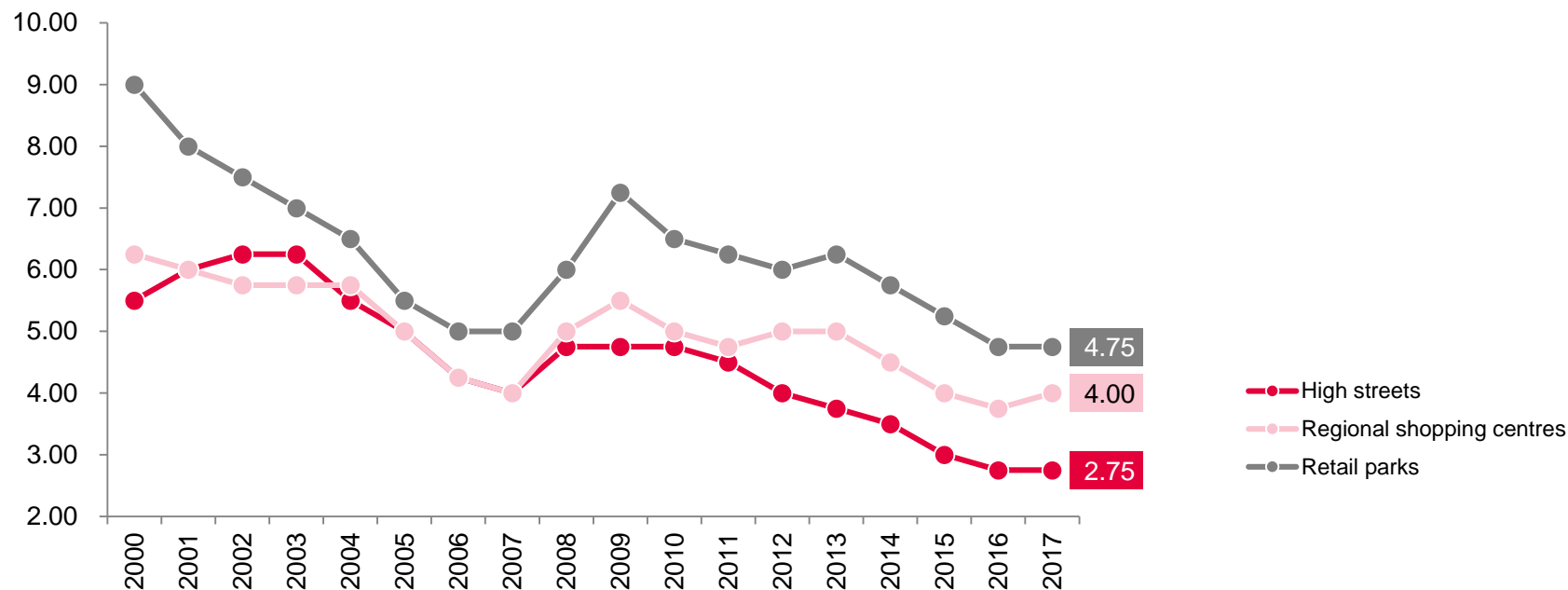
- **The French highlighted their domination.** They account for almost three-quarters of the volumes invested in retail (72% in 2017, after 59% in 2016). Foreigners are primarily other Europeans (from outside the euro zone).
- SCPIs / OPCIs represented more than one-third of the amount invested in retail in 2017. Their share was further increased at the end of the year by **the completion of several major acquisitions in different market segments** (sale of the "Solstice" portfolio to Amundi, the "Saint-Sébastien" shopping centre in Nancy to AEW / Ciloger, etc.).

End of falling yields

Prime retail yields

In France, in %

Source: Knight Frank



- Yields reached their trough at the end of 2016 and have since stabilized. They are now **between 2.75 and 3.00% for the top locations in the capital.**
- While the market remains characterised by a limited number of prime transactions, **the trend is towards stability in the retail park sector**, while **the shopping centre sector is feeling slight upward pressure**, reflecting a more difficult market environment. and greater caution from investors.

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