

SEPTEMBER 2020

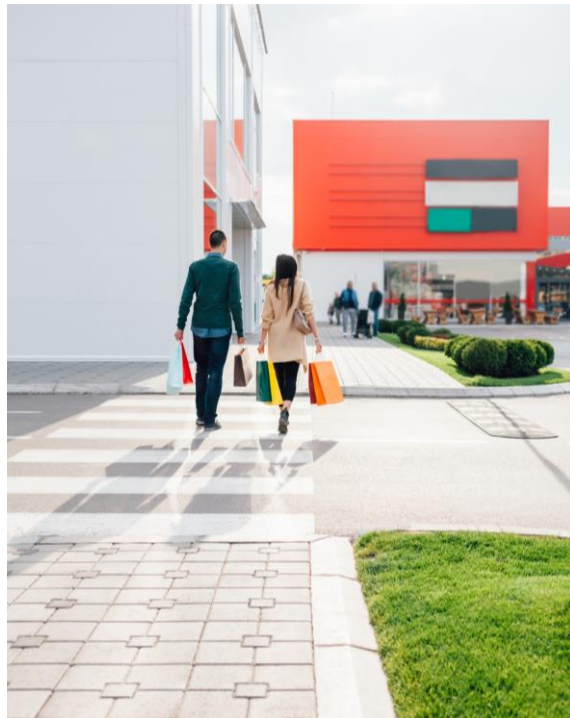
RETAIL

THE RETAIL PROPERTY MARKET

FRANCE

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Retail complexes: trends and projects

What are the trends in the French retail property market four months after the end of lockdown?

The outbreak of the Covid-19 epidemic shook the French market by forcing most businesses to close their doors in mid-March. Although they gradually reopened after two months of lockdown, the situation has by no means returned to normal. The state of emergency was officially lifted on 10th July 2020, but restrictions will be brought back if a second wave of the virus looks likely. For this reason, masks became mandatory in all confined spaces as of the 20th July, and then outdoors in some cities, notably Paris, since the end of August. In addition to other restrictions (closure of fitting rooms, limits on the number of customers in stores, etc.), this measure is a new obstacle to shopping, the effects of which are difficult to gauge. Before that, the first days after the easing of lockdown restrictions had reassured consumers about their propensity to spend in stores. The trend then continued in June, with a sharp rebound in spending. The increase in average shopping baskets and conversion rates had also allowed some retailers to make up for some of the losses caused by the initial lockdown.

The poor results of the summer sales and the increase in the number of cases of Covid-19 have raised fears that the September back-to-school period could confirm a certain loss of momentum. This is normally a peak period for sales, and will therefore provide valuable indications of the strength of the recovery. Other questions remain outstanding, including the relationship between landlords and retailers, the extent to which space is being vacated and trends in rental values. The latter are particularly scrutinised on prime high streets of major cities, especially in Paris, where shops continue to suffer from the decline in tourist arrivals and people working from home.

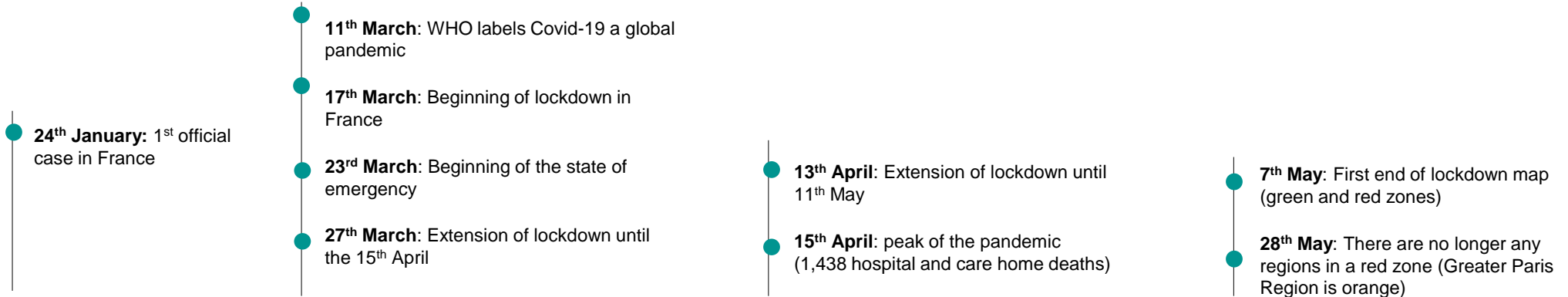
Suburban shopping areas seem to be more resilient, which shows that Covid-19 accentuates the disparities between different regions and

distribution formats. Since the easing of lockdown, the restart has also been very uneven depending on different product categories. Despite the severity of the crisis, some of them, better adapted to the new market conditions, managed to hold their ground.

In this respect, the taking into account of the expectations of the French people and the ability of retailers to adapt their model are more than ever conditions for success, at a time when the health crisis is accelerating changes in lifestyles and consumption patterns. Although it is still difficult to assess with certainty because we do not know how long the pandemic will last or the real extent of the economic crisis, we are not unfamiliar with these factors. Thus, as we indicated in [our previous study](#), the Covid-19 epidemic will undoubtedly only be an accelerator of the trends observed before the crisis, rather than the advent of a new world, reshaped by the emergence of new consumption models and commercial formats.

TIMELINE OF THE HEALTH CRISIS

HEALTH CONTEXT



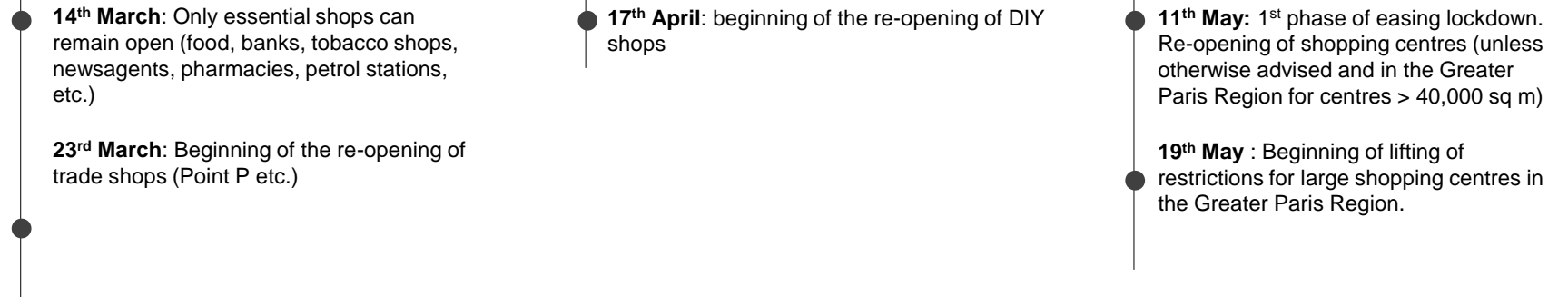
JANUARY

MARCH

APRIL

MAY

RETAIL-RELATED EVENTS



TIMELINE OF THE HEALTH CRISIS



HEALTH CONTEXT

● **14th June:** The whole of Metropolitan France is classed as a 'green zone'

● **10th July:** End of the state of emergency

● **20th July:** Wearing masks becomes compulsory indoors

● **10th August:** Wearing a mask becomes compulsory in certain outdoor areas in Paris

● **17th August:** The number of new daily cases passes 5,000 for the first time since 14th April

● **28th August:** Compulsory mask wearing extends to the whole of Paris and the immediate suburbs

JUNE

JULY

AUGUST

RETAIL-RELATED EVENTS

● **2nd June:** Reopening of performance halls, theatres, cafes, bars and restaurants in green zones (outdoor areas in orange zones)

● **15th June :** Reopening of cafes, bars and restaurants in orange zones

● **22nd June :** Reopening of cinemas in the whole of France

● **27th August :** the City of Paris is "exceptionally" extending the extension of bar and restaurant terraces in public spaces until June 2021 "given the scale of the crisis affecting the sector".

Sources: Knight Frank, various



A person wearing a dark green button-down shirt and blue nitrile gloves is holding several shopping bags (one brown, one white) against a white brick wall background. The image is overlaid with a semi-transparent dark grey filter.

**COVID-19: WHAT IS ITS IMPACT
ON THE ECONOMY AND
CONSUMER HABITS?**

After the first Coronavirus case appeared in January 2020, the spread of the health crisis in France forced the government to impose two months of strict national lockdown from 17th March until the 11th May. The French economy was one of the worst affected in Europe, the strict social distancing measures and the almost blanket closure of shops led to a bigger fall in sales in France than the majority of other countries (-29.8% in April in France, compared to -17.4% on average across the EU).

The re-opening of sales outlets, restaurants and cinemas led to a rapid increase in consumption. By mid-June it was back to almost normal levels which allowed INSEE to revise its forecasts in anticipation of a smaller-than-expected drop in GDP in France in 2020. The revival of consumerism also reinforced French people's desire to return to the shops, in spite of very strict health precaution measures. Nevertheless, the return was very uneven, certain product areas benefitted from a strong rebound (household goods), whereas other sectors saw a much slower restart (clothes) or performed well below their usual levels (restaurant industry)

Since the beginning of summer, retail activity has remained very uneven. In addition, sales which were postponed to mid-July because of the

pandemic, were not able to boost sales, with a sharp decrease in the number of shoppers compared to the 2019 sales (-38.4% according to Stackr), mainly linked to the fall in tourist numbers and people working from home. These two factors have led to a slump in activity in large cities and above all in Paris, where the majority of retailers reported a 'very disappointing' performance (79% of those surveyed according to a survey by the Paris Chamber of Commerce and Industry).

After a rather mixed summer, the start of the new school year promises to be decisive and will give an indication of the propensity of the French to consume and dip into their savings. Nevertheless, several factors will continue to limit the level of retail sales. This is the case of working from home, even if employees are gradually returning to the office. However, the fall in tourism is expected to last, especially since the last few weeks have seen an upsurge in the number of new cases. Remember that it took 14 and 19 months respectively for the arrival of international travellers around the world to return to normal after the 9/11 attacks in 2001 and the beginning of the financial crash in 2009. The lack of visibility and the extent of the economic shock linked to the Covid-19 pandemic are also concerning. In fact, France's GDP fell sharply by

14% in Q2 2020, and while the increase in business failures and loss of jobs has so far been contained by the government's measures, the next few months are shaping up to be difficult. As such, the unemployment rate could reach 12% by the end of 2021 compared to 7.1% in Q2 2020, which will result in a decrease in buying power and a drop in consumption. The health and social crisis could also heighten social tensions, the negative impacts of which we saw on businesses during the 'Yellow Vests' movement. That said, the decline in household morale has, until now, been fairly limited, the monthly indicator of confidence measured by INSEE was at 94 in August, notably higher than previous lows in June 2013 (80) and December 2018 (87).

CONSUMPTION: WHAT HAS CHANGED SINCE THE END OF LOCKDOWN?

Lockdown represented an unprecedented shock for retailers, whose turnover fell sharply apart from some sectors (food, etc). After the easing of lockdown, retail saw a sharp rebound, returning to a level in June that was almost comparable to that of last year due to the dynamism of certain sectors such as household goods. That said, the recovery remains very uneven, as the bad results of the sales and the resurgence of new coronavirus cases are interrupting the strength of the recovery.

BUSINESS INDICATOR BY ACTIVITY SECTOR

France, annual as a %



FOOD

January to July: **+ 4.0 %**
12 month rolling average: **+ 2.4 %**



HOUSEHOLD GOODS

January to July: **- 10.9 %**
12 month rolling average: **- 6.0 %**



CULTURE - LEISURE

January to July: **- 16.3 %**
12 month rolling average: **- 6.9 %**



HEALTH AND BEAUTY

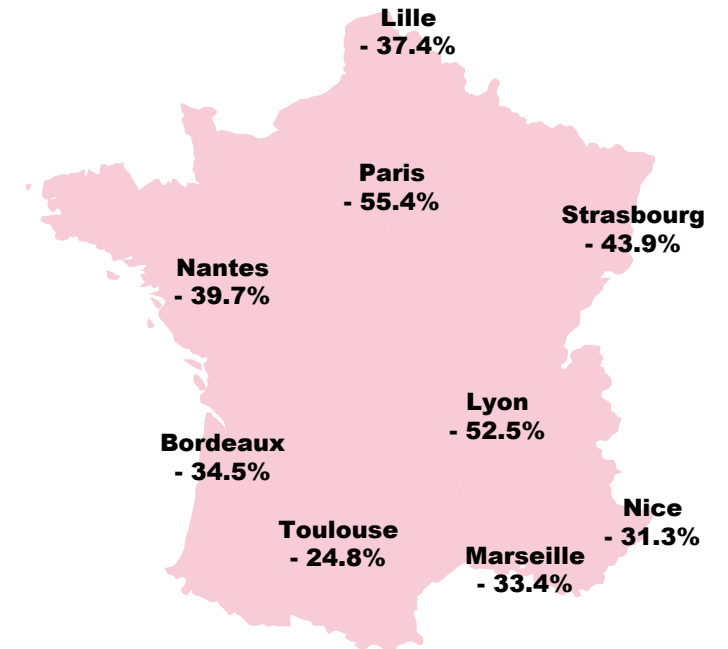
January to July: **- 19.6 %**
12 month rolling average: **- 10.6 %**



CLOTHING/ TEXTILES

January to July: **- 22.4 %**
12 month rolling average: **- 12.7 %**

PEDESTRIAN FOOTFALL DURING SALES BY CITY, 2020 SALES VS. 2019 SALES*



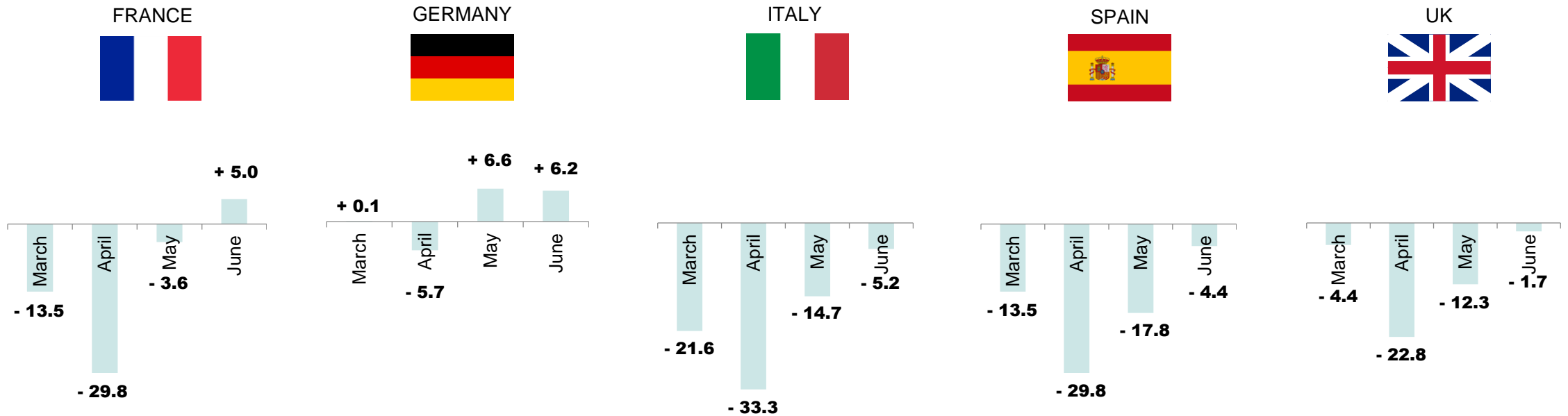
Source: Stackr / *15.07 to 11.08 2020 Vs 26.06 to 23.07 2019.

CONSUMPTION: WHAT HAS CHANGED SINCE THE END OF LOCKDOWN?

In Europe, a few countries experienced a relatively limited decline in retail sales due to a less severe outbreak of Covid-19 or less strict social distancing measures (Germany, the Netherlands etc). This is not the case for France, where the lockdown measures were some of the strictest, explaining the very sharp drop in consumption in March and April 2020. However, the recovery in France has been quicker than in the majority of European countries in May and June.

VOLUME OF SALES OF RETAIL BUSINESSES

Compared to the same month last year (%)

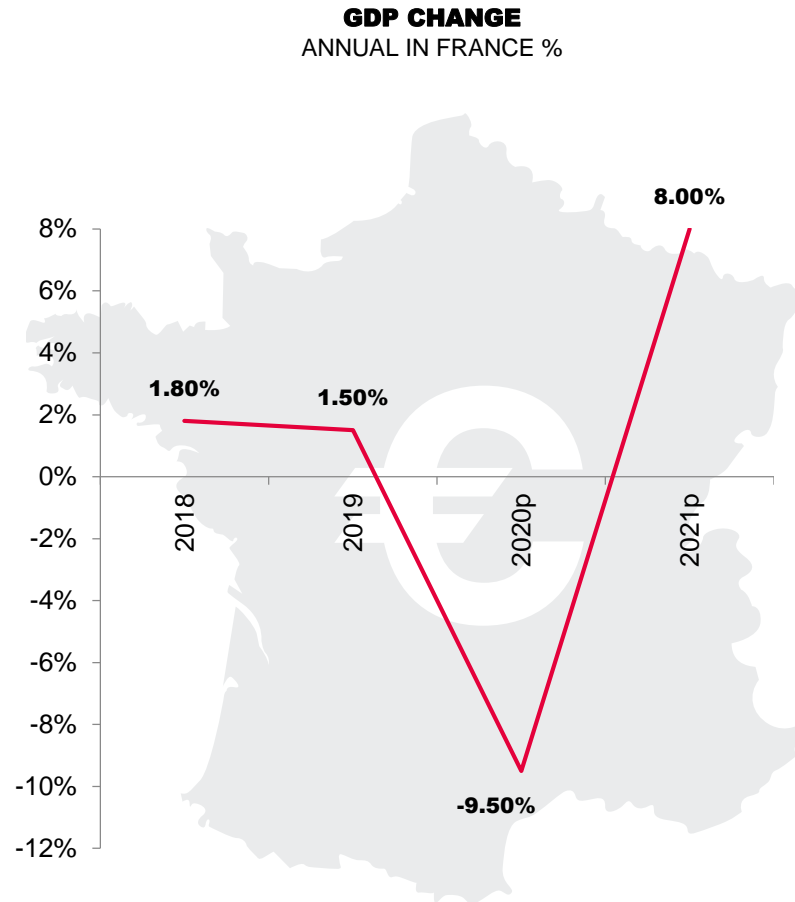


Source: Eurostat

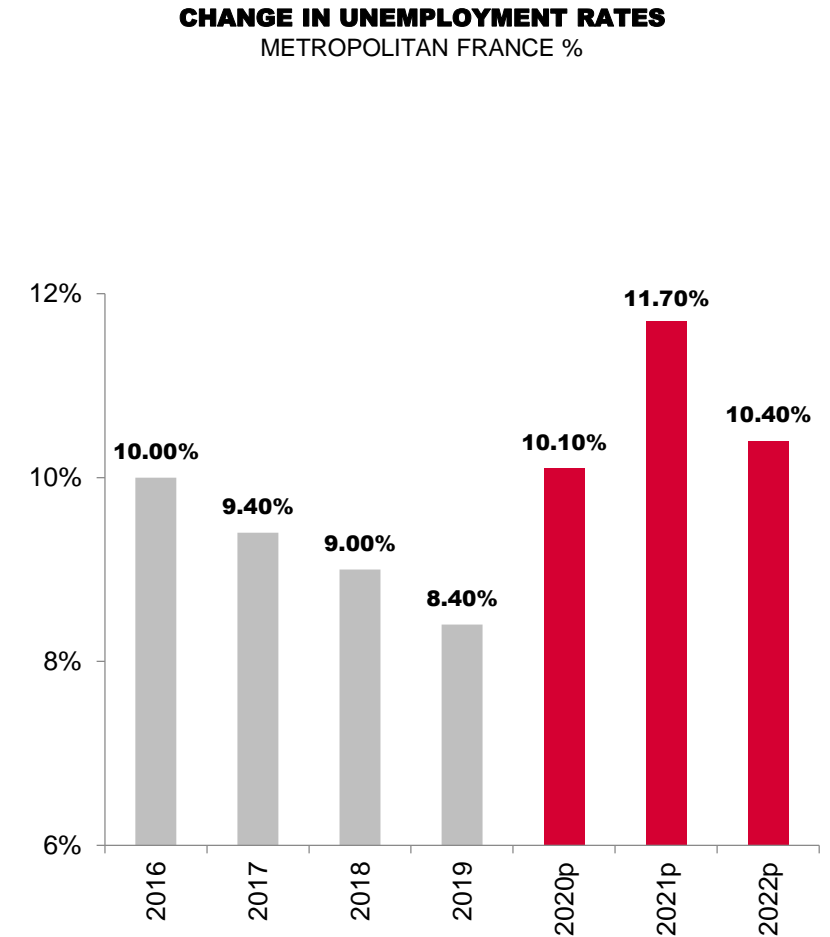
WHAT SHOULD WE EXPECT IN THE COMING MONTHS?



After GDP dropped nearly 14% in Q2, it is expected to shrink by 9 or 10% throughout the whole of 2020, before rebounding quite sharply in 2021 (+8%). This rebound won't completely make up for the huge drop in 2020, foreshadowing a lasting deterioration in the labour market, even though it has so far held up well thanks to the massive roll-out of 'partial unemployment'.



Sources: INSEE / XERFI calculations and forecasts



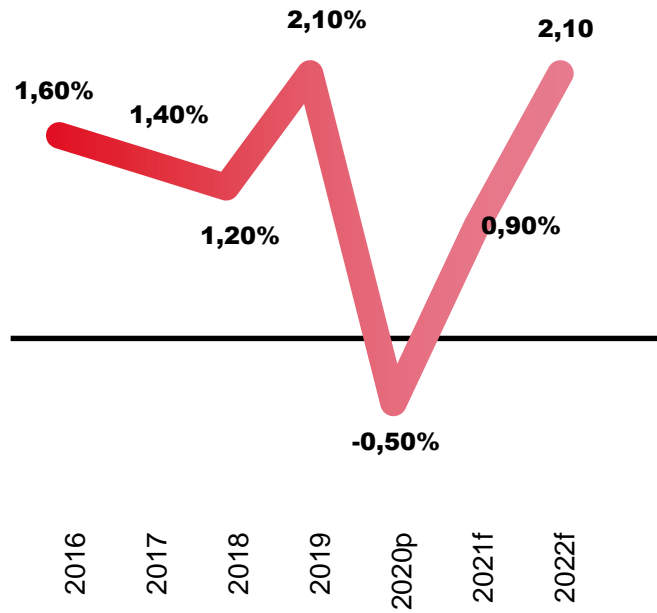
Source: Banque de France, Macroeconomic forecasts.

WHAT SHOULD WE EXPECT IN THE COMING MONTHS?

The measures adopted by the French government to offset the effects of the crisis have, for the moment, been able to limit the decrease in household purchasing power. After the shock of lockdown, the lack of visibility on the evolution of the pandemic, the increase in savings rates and the announced increase in unemployment will nevertheless cause consumption to decline in 2020.

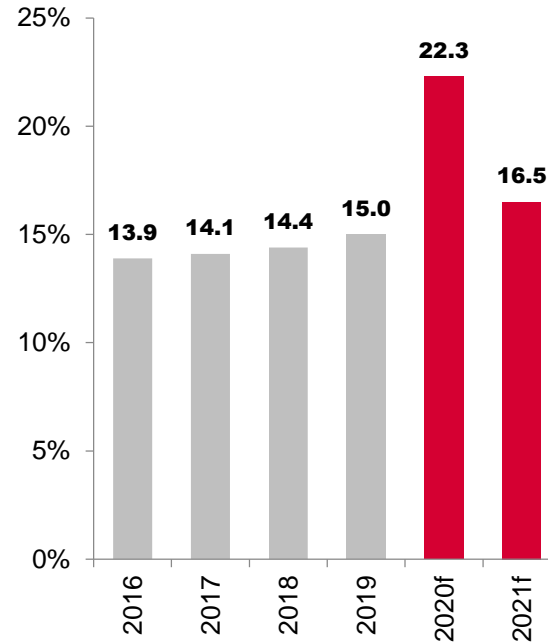
PURCHASING POWER

REAL GROSS DISPOSABLE INCOME, IN FRANCE, ANNUAL %



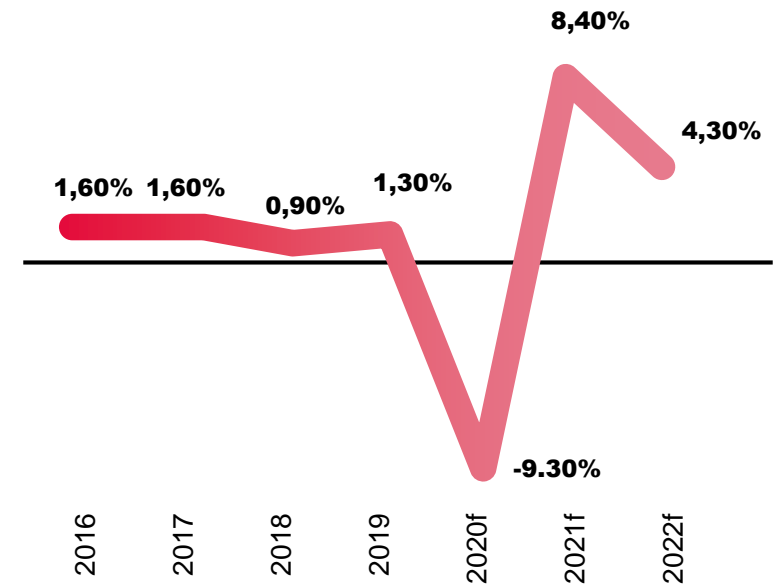
HOUSEHOLD SAVINGS RATE

IN FRANCE ANNUAL%



HOUSEHOLD CONSUMPTION

IN FRANCE ANNUAL %



Sources: Banque de France / INSEE

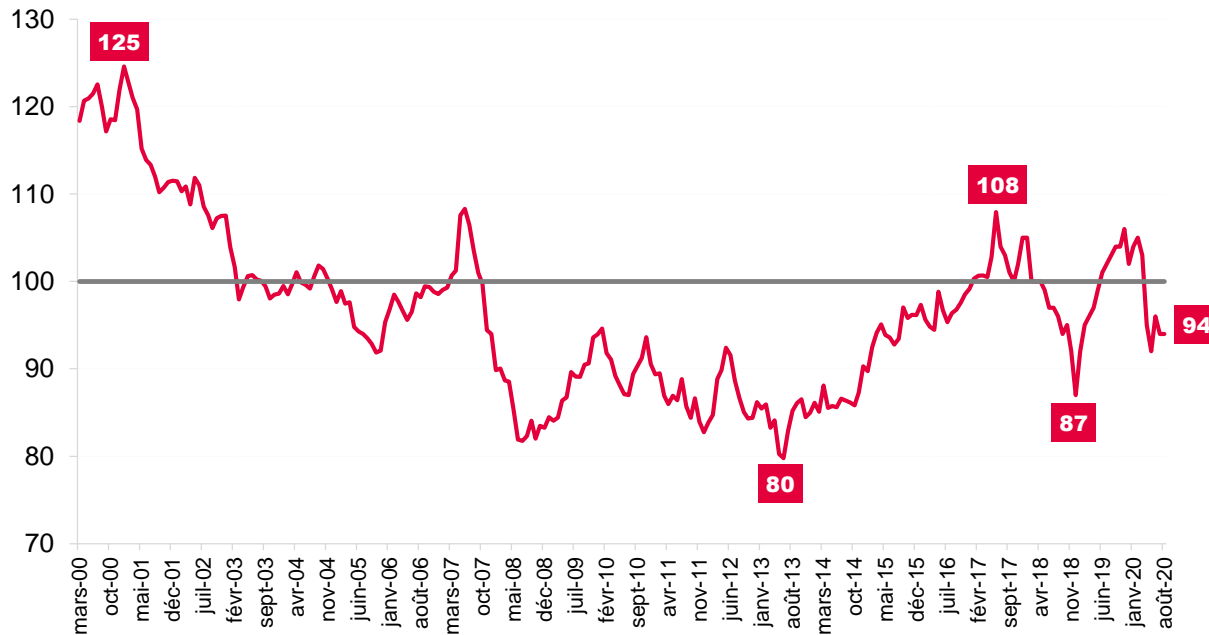
WHAT SHOULD WE EXPECT IN THE COMING MONTHS?

Changes in household morale and their willingness to spend their savings (estimated between 80 and 100 billion euros) constitute two of the main challenges of the coming months. In addition to this, there is the possible increase in social unrest linked to the recession, making it difficult to assess the risk of disturbances similar to those experienced in France with the 'Yellow Vests' movement.

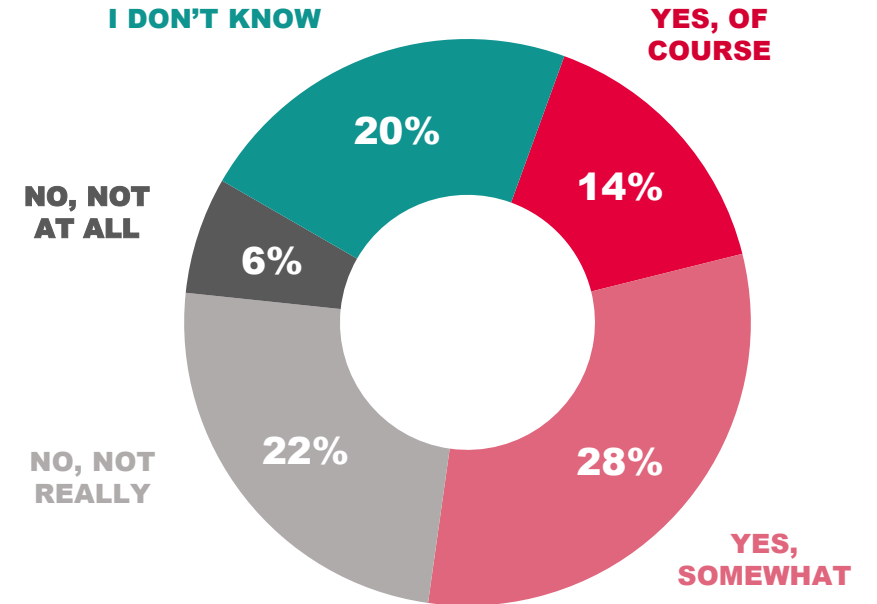


Do you think that in the coming months violent militant actions will be necessary to force politicians to take into account the opinion of the population?

HOUSEHOLD OPINION
IN METROPOLITAN FRANCE AS A %



Source: INSEE



Source: OBSOCO, survey undertaken at the end of May 2020.

A blurred background image of a clothing store interior, showing rows of wooden hangers on metal racks. The focus is on the hangers in the foreground, which are slightly out of focus, while the background shows more racks and some indistinct figures of people.

RENTAL MARKET AND RETAILER STRATEGIES

The outbreak of the health crisis and the two months of lockdown represented an unprecedented crisis for retailers. Since the beginning of the Covid-19 epidemic, several have been the subject of safeguard or recovery procedures, which have struck a chord because they concerned historical players in French retail (La Halle, Camaïeu, Conforama, etc.). The majority of these have been taken over in the last few weeks, concentrating the market in the hands in a smaller number of companies in sectors such as fashion (La Halle / Beaumanoir Group), furniture (Conforama / But) and toys (Maxi Toys / King Jouet). Another consequence is the implementation of plans for significant staff reductions or store closures. Consequently, of the approximately 2,500 retail outlets of which a takeover offer has been accepted by the courts, around 70% of them are currently guaranteed to remain open (just under 800 closures)

The closure of stores doesn't only concern those that have been involved in a safeguarding procedure. A number of companies want to reduce their costs by offloading their least profitable stores, or those whose location doesn't necessarily fit the brand. This streamlining strategy is most often accompanied by an increase in investments made online, in all activity sectors no matter what their product range. While the lockdown boosted online sales, offline was not however forgotten. Physical sales points remain a strategic channel for companies, as they contribute to the success of brands by letting them get to know their clients better,

adapt their supply to new consumer demand and also support the growth of online sales thanks to "click and collect". The lack of visibility linked to the virus and the economic crisis, as well as the need for retailers to control their costs also explains the increase in collaborations between brands in the form of shop-in-shops, as well as the trend to opt ever more frequently for short-term leases. Of course, these trends did not arise solely due to the Covid-19 epidemic, but the market conditions created by the health crisis accelerated a transformation that had been at work for some years now: the increasing hybridisation of retail and the multiplication of distribution channels.

Physical trade is therefore still alive, but in a much more varied form than before. Whilst many retailers are struggling, other are doing well as they are responding to the current needs of French people (discounts and well-being etc.) or structural changes in lifestyles and purchasing patterns. The expansion of these retailers has allowed the retail market to remain animated despite the health crisis, as demonstrated by the increase in new concepts in sectors such as sport, leisure, new means of urban mobility and food. Furthermore, these fast-growing sectors can take advantage of more favourable lease conditions to develop their store networks, particularly due to the increased supply of available retail space. Nevertheless, not all the vacated retail units will find new tenants and a long-term increase in retail vacancies can already be anticipated in certain areas without good

fundamentals (access, local competition, etc.). Ultimately, this could lead to the emergence of retail wastelands, leading retailers and authorities to question the opportunities for reconversion and change of use.

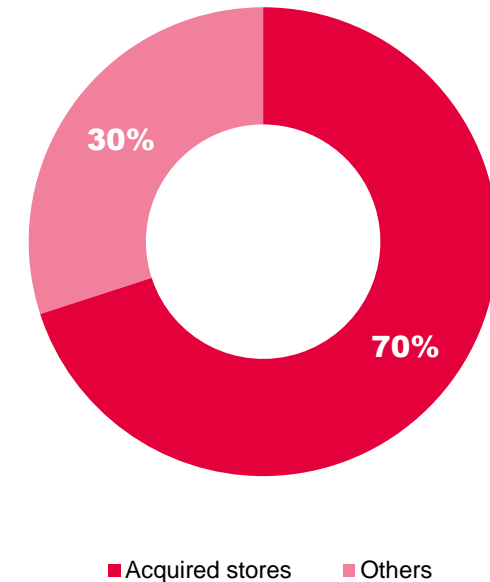
INCREASING DIFFICULTIES

The health crisis has accentuated the difficulties of a growing number of retailers. Several historic players have been subject to a safeguard procedure or have been put into administration. While the majority of retailers are gradually recovering, the pandemic will leave its mark with an increase in job losses and store closures. With regards to retailers that are currently being taken over, the offers accepted by the courts suggests that 70% of stores must remain open. The number of stores to be closed or whose future remains uncertain is therefore considerable (just under 800 at the end of August).

RETAILERS PLACED UNDER A SAFEGUARD PROCEDURE SINCE THE BEGINNING OF THE HEALTH CRISIS*

RETAILER	STATUS	NUMBER OF SHOPS*	RETAILER	STATUS	NUMBER OF SHOPS*
LA HALLE	BOUGHT	830	ANDRE	BOUGHT	127
CAMAIEU	BOUGHT	651	PHILDAR	SAFEGUARD	98
CELIO	SAFEGUARD	491	PARASHOP	ADMINISTRATION	56
ORCHESTRA	BOUGHT	303	DEVIANNE	ADMINISTRATION	46
NAF NAF	BOUGHT	218	ALINEA	ADMINISTRATION	31
CONFORAMA	BOUGHT	196	TIE RACK	BOUGHT	27
CASA	RESTRUCTURING**	175	ATELIERS NA	ADMINISTRATION	19
UN JOUR AILLEURS	BOUGHT	140	ACCESSORIZE	BOUGHT	19
MAXI TOYS	BOUGHT	129	JB MARTIN	LIQUIDATION	15

WHAT FUTURE FOR THE STORES OF THE BOUGHT BRANDS?



*Situation as at 31st August 2020. **Non-French brands: types of procedures specific to other countries.

Sources: Knight Frank, Codata, press

Sources: Knight Frank, press / *On the total number of points of sale of brands that have been taken over (as at 31st August 2020).

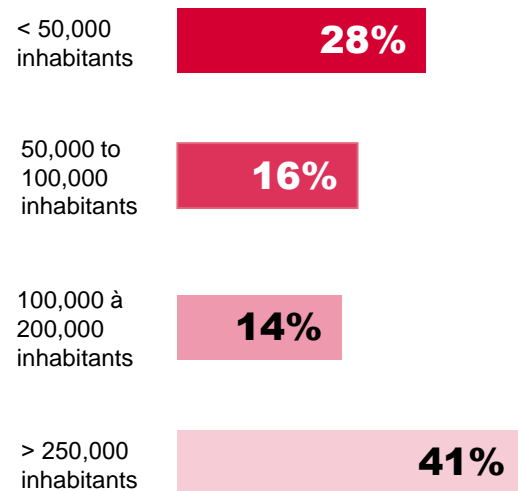
INCREASING DIFFICULTIES

Of the nearly 3,500 retail stores concerned by a procedure (safeguarding, administration or liquidation), 73% are in the fashion sector (La Halle, Camaieu, etc.). Whilst the majority of these shops are in the retail zones in the suburbs, the breakdown by city size shows a wide range of different circumstances. It is therefore the whole of France that is suffering the consequences of the health crisis.

ANALYSIS OF THE SHOPS OF RETAILERS PLACED UNDER THE SAFEGUARD PROCEDURE

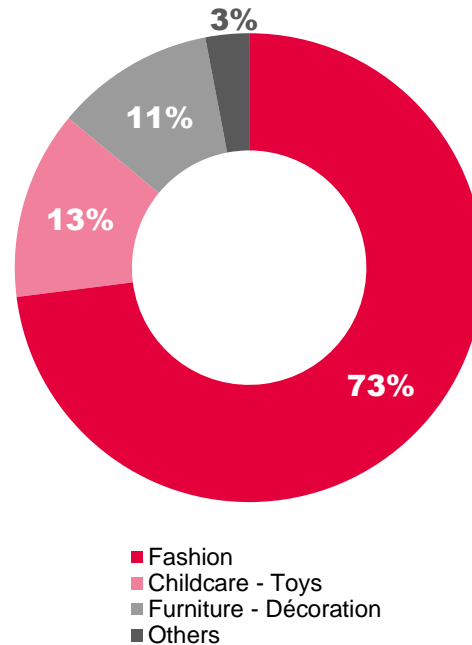
LOCATIONS OUT OF THE TOTAL NUMBER OF SHOPS

According to the size of the urban area

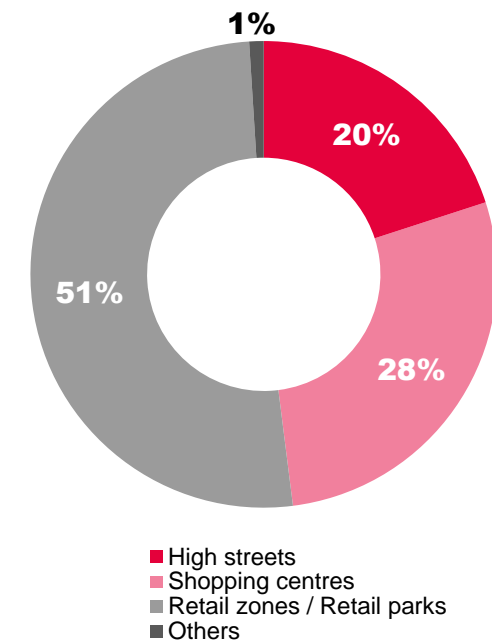


Sources: Knight Frank, Codata, press

SECTORS OF ACTIVITY OUT OF THE TOTAL NUMBER OF SHOPS



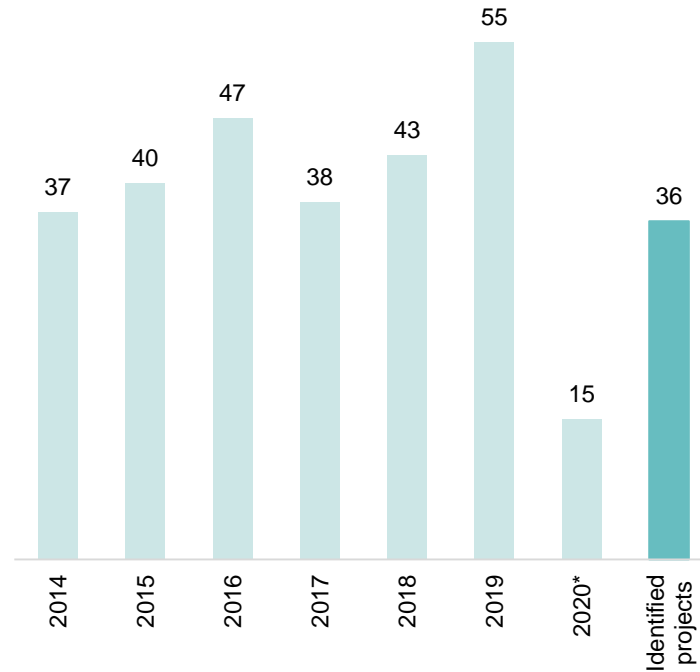
RETAIL FORMATS OUT OF THE TOTAL NUMBER OF SHOPS



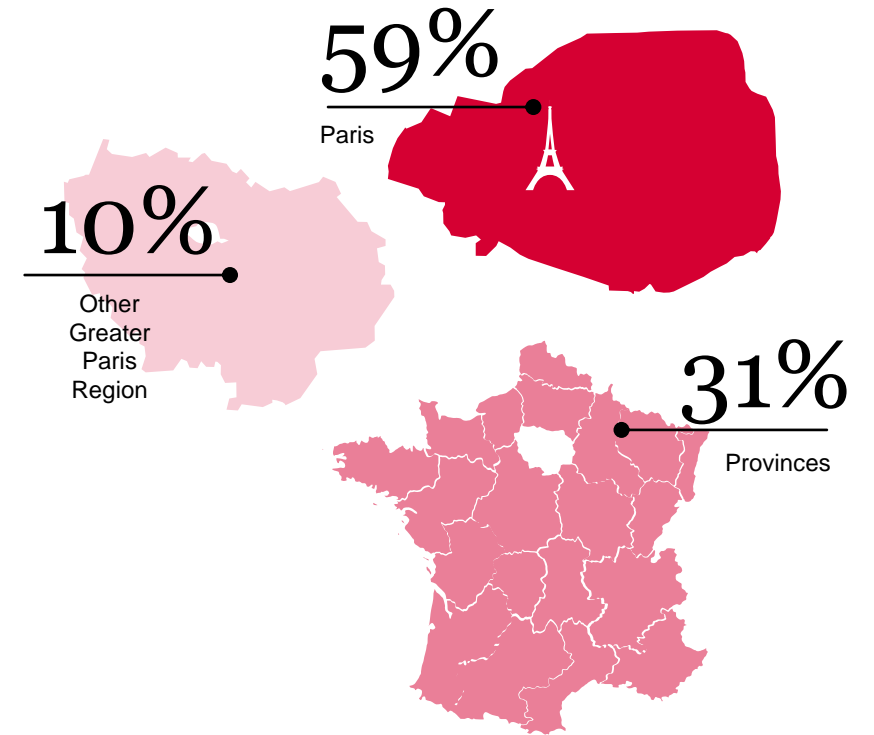
FEWER NEWCOMERS

The Covid-19 epidemic has put an end to the increase in the number of new foreign brands seen since 2017. Since January, 15 new arrivals have been registered compared to 28 over the same period last year. However, the number of confirmed projects remains high (36).

CHANGE IN THE NUMBER OF NEW FOREIGN BRANDS IN FRANCE, SINCE 2014



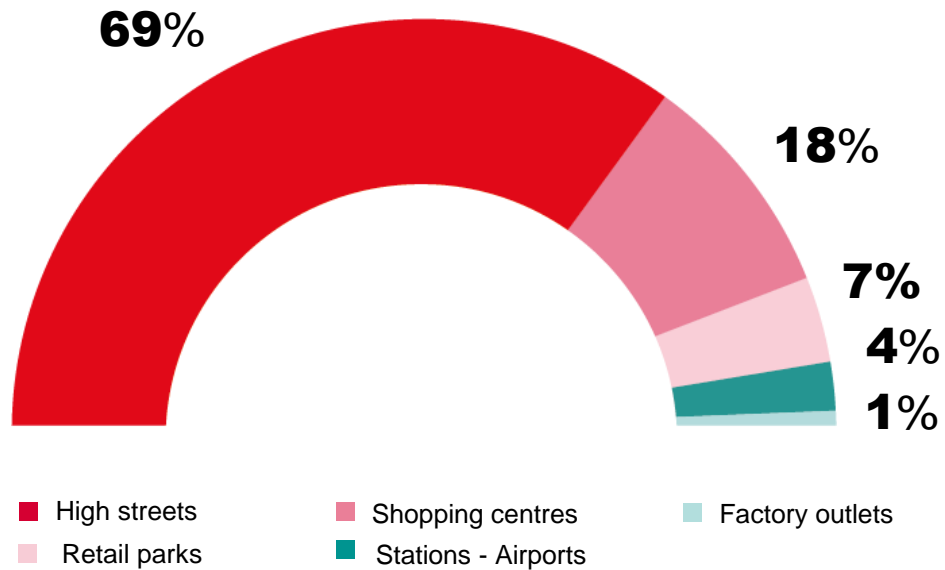
GEOGRAPHIC BREAKDOWN
THE FIRST OPENINGS OF NEW FOREIGN BRANDS IN FRANCE BETWEEN 2014 AND 2020



FEWER NEWCOMERS

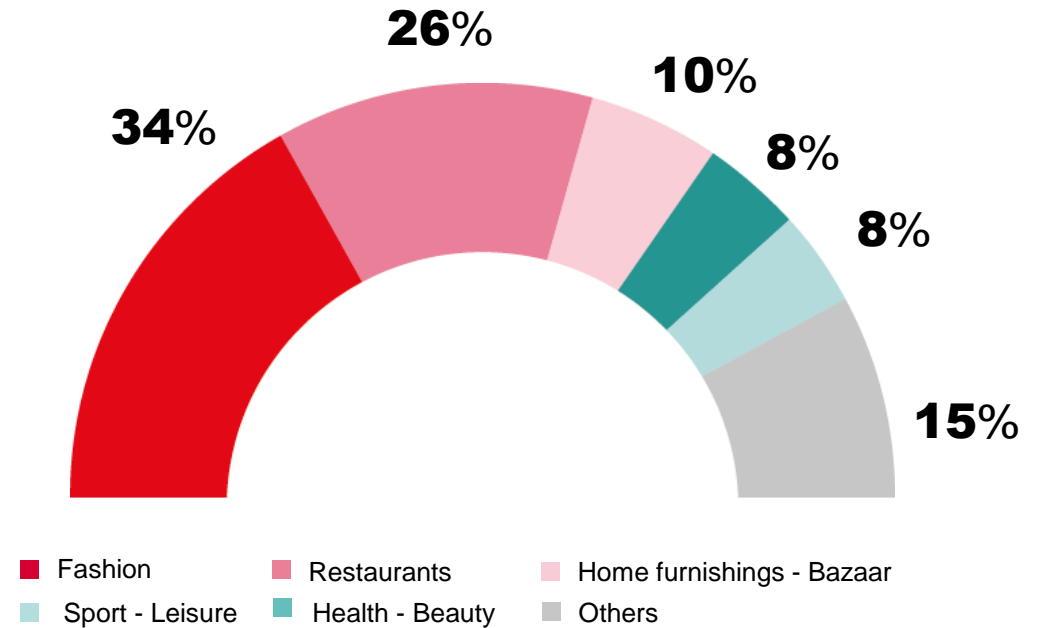
The most recent openings and potential projects confirm the trends of recent years. The first new foreign brands are concentrated in the shopping streets, with an over-representation of the fashion and restaurant sectors.

BREAKDOWN BY FORMAT
2019-2020 OPENINGS AND IDENTIFIED PROJECTS*



Source: Knight Frank

BREAKDOWN BY ACTIVITY
2019-2020 OPENINGS AND IDENTIFIED PROJECTS*



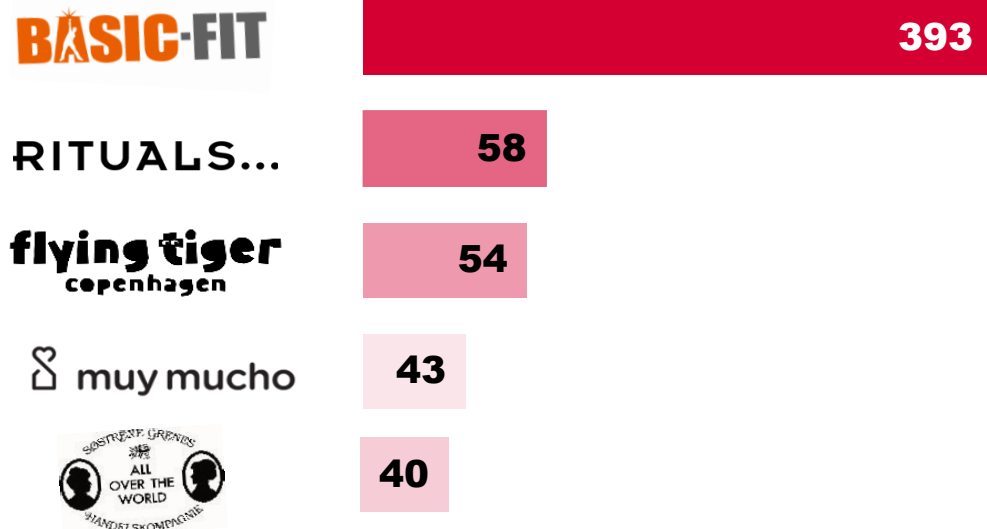
Source: Knight Frank / *With identified place of arrival.

FEWER NEWCOMERS

With nearly 400 gyms opened since its arrival in France in 2014, Basic Fit remains the new brand whose network has grown the most since then, far ahead of Rituals and Flying Tiger. Other players have continued to expand in recent months, particularly in the fashion and sports sectors, as well as in the discount sector (B&M, Takko, Normal, etc.).

TOP 5

NEW BRANDS HAVING OPENED THE LARGEST NUMBER OF POINTS OF SALE IN FRANCE SINCE 2014*



Sources: Knight Frank and brand websites

EXPANDING BRANDS

EXAMPLES OF NEW FOREIGN BRANDS* THAT HAVE CONTINUED TO OPEN SHOPS IN FRANCE OVER THE LAST 12 MONTHS



Source: Knight Frank / *Appeared in France between 2014 and 2020.

BRANDS THAT REMAIN ACTIVE

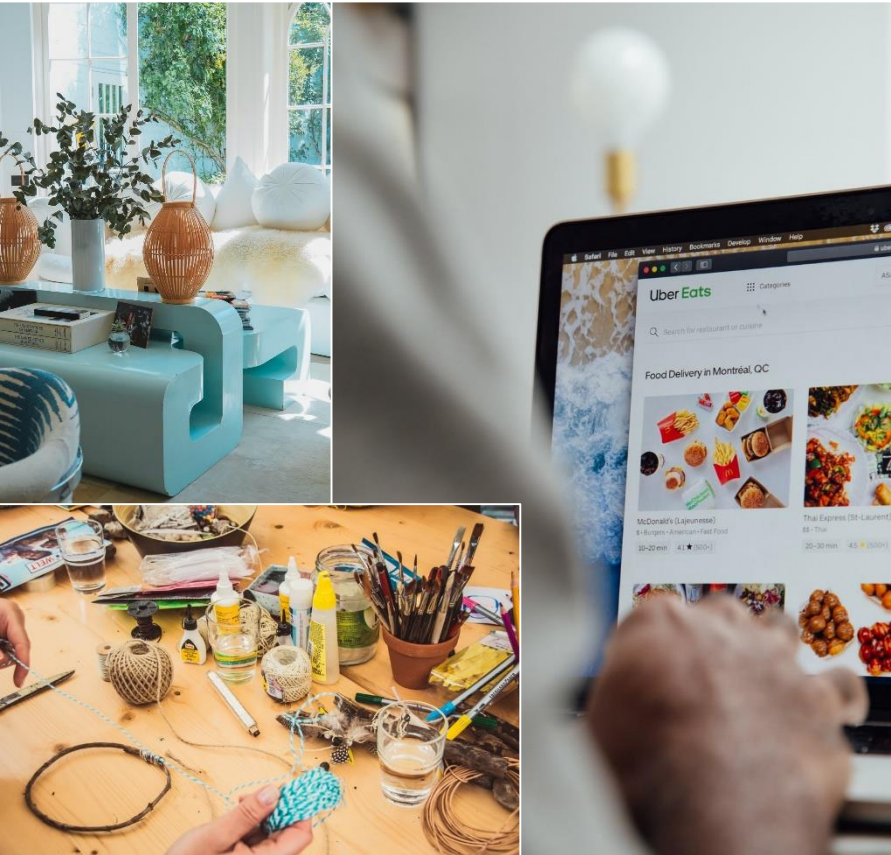
While the pandemic has put a stop to the growth of a number of retailers, certain brands have continued to develop their network in France. Despite social distancing measures, and the drop in consumption, sectors such as fast food and sport and leisure remain dynamic, whilst the current context is also favourable to urban mobility, organic produce, health and discount stores.

EXAMPLES OF BRANDS CONTINUING THEIR EXPANSION IN FRANCE



NEW CONSUMER TRENDS

THE “STAY-AT-HOME ECONOMY” BOOM



LESS BUT BETTER



Working from home and well-being, thriftiness and environmental concerns: the Covid-19 epidemic has accentuated several trends, with undoubtedly lasting consequences on consumption. In the retail real estate market, this trend should reinforce the success and expansion of concepts in sectors such as sport, urban mobility, medical centres, convenience stores, second hand and organic produce.

THE LEISURE BOOM

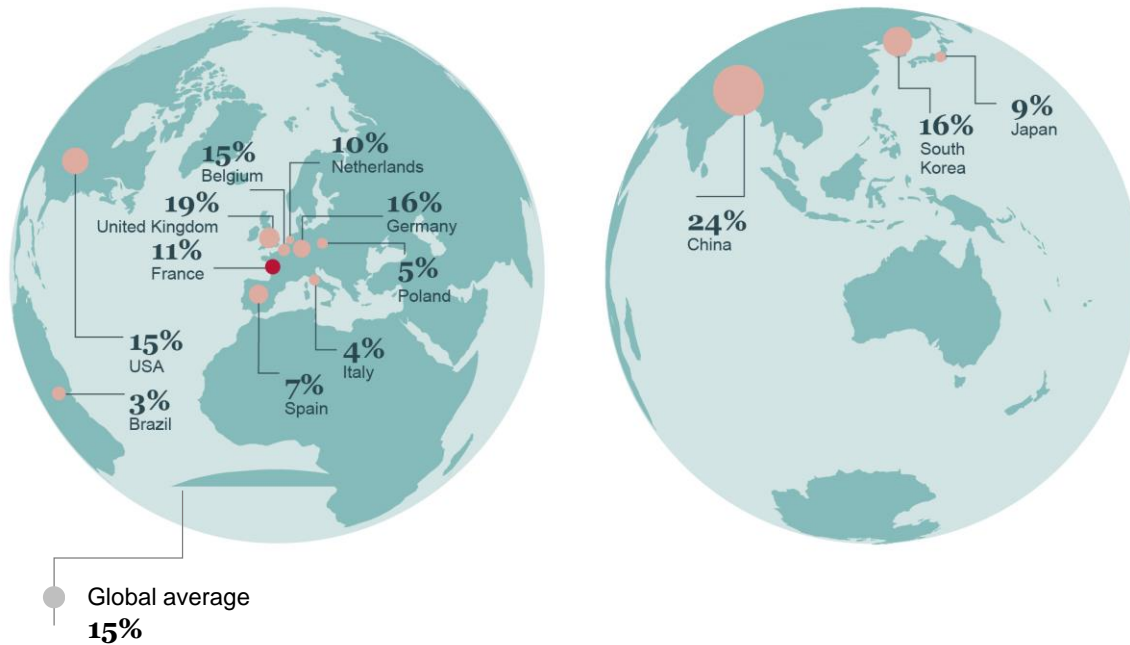
Gaming and e-sport, escape games, climbing walls, entertainment and culture for youngsters : leisure concepts haven't stopped growing in France as in the case of Smallicieux (Lille's version of the Cité des Enfants at la Villette) in the new Lillénium shopping centre, Micro-Folie in Évry 2 and the announced arrival of Espot at 150 rue de Rivoli on nearly 2,000 sq m. Such concepts help to make shopping centres into true destination locations, and sometimes also help to offset the decline of more traditional activities or brands.



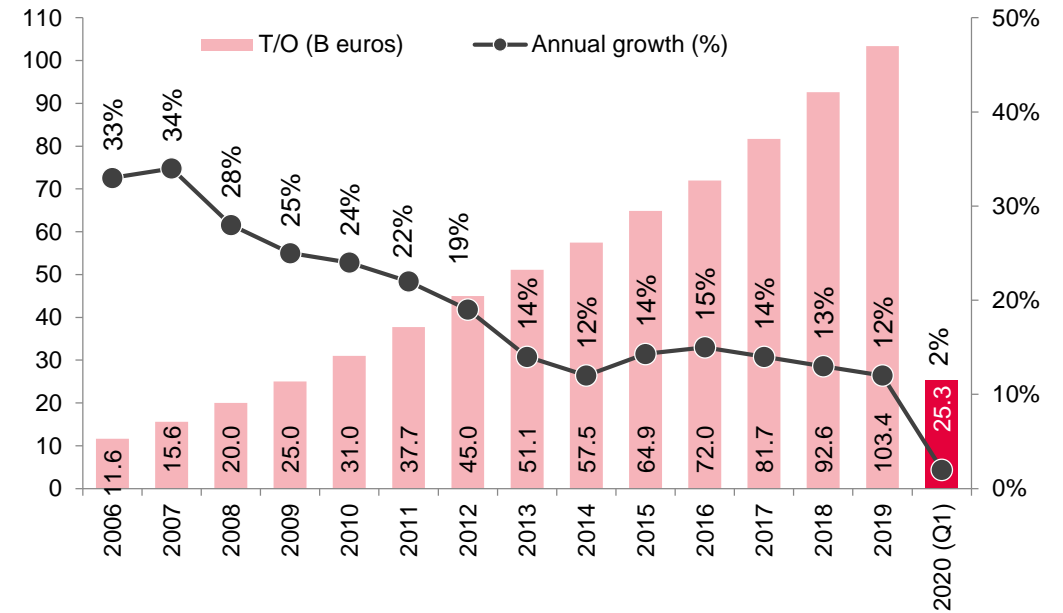
THE INTERNET, THE BIG WINNER OF THE HEALTH CRISIS?

Online sales haven't exploded since the beginning of 2020 (+2% year-on-year in France in Q1) and haven't made up for store closures. That said, the trend is definitely an upwards one and has increased the share of online sales in total retail sales both globally and in France, where online sales are still behind that of other European countries.

SHARE OF ONLINE SALES IN TOTAL RETAIL SALES, BY COUNTRY*
AS A %



FRENCH ONLINE SALES
IN BILLIONS OF EUROS



Source: PPRO Payments (*March 2020)

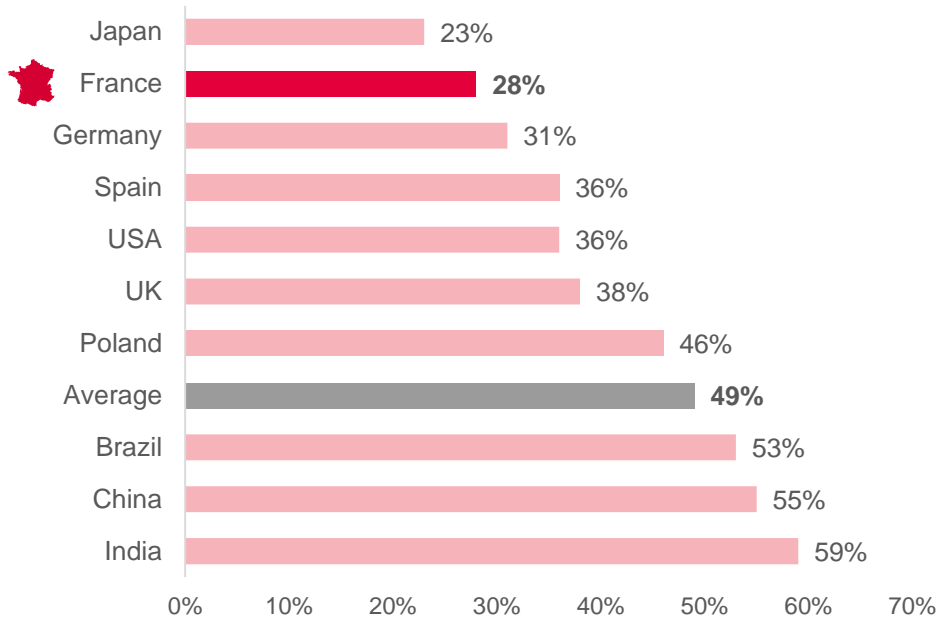
Source: Fevad

THE INTERNET, THE BIG WINNER OF THE HEALTH CRISIS?

Responding to changing buying patterns, the majority of retailers are in the process of increasing their investments in online platforms. This trend will inevitably have consequences on the network of stores, in particular by reinforcing trade-offs of retailers to the detriment of their worst performing stores.

SHARE OF INTERNET USERS SAYING THEY WILL SPEND MORE ONLINE AFTER THE HEALTH CRISIS, BY COUNTRY

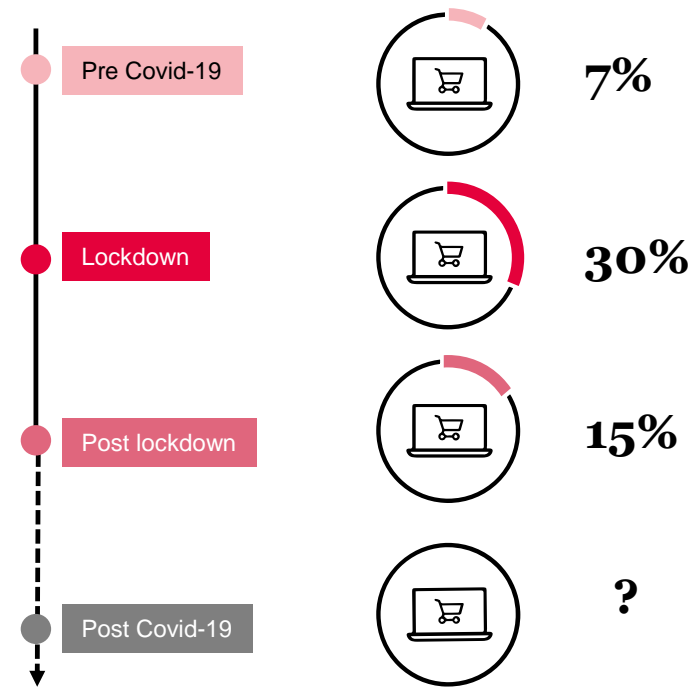
AS A %, POPULATION AGED BETWEEN 16 AND 64 YEARS



Source: Globalwebindex

THE EXAMPLE OF DECATHLON

SHARE OF ONLINE SALES OUT THE WHOLE OF THE BRAND'S TURNOVER



Source: Décathlon

WHAT WILL BE THE IMPACT ON RETAIL FORMATS?

A MULTIPLICATION OF DISTRIBUTION CHANNELS: THE EXAMPLE OF IKEA

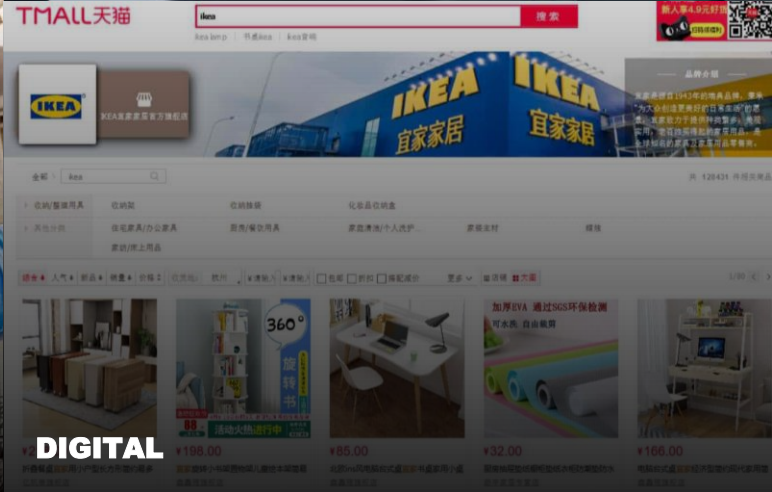
The health crisis has accelerated the changes in retail by increasing the number of distribution channels. IKEA is a perfect example of this: the company is relying on its historic warehouse stores, is developing smaller urban formats to accelerate its multi-channel offer, set up a drive-through service during lockdown and has launched its first virtual shop in China on the Tmall platform (Alibaba).



“WAREHOUSE” STORES



URBAN FORMATS



DIGITAL

WHAT WILL BE THE IMPACT ON RETAIL FORMATS?

Partnerships between brands are not new (Boulangier in Auchan, Darty in Carrefour, Uniqlo in FNAC, etc.). However, the movement has recently accelerated, illustrating the increased concentration in the retail sector (takeover of Natures & Découvertes by Fnac/Darty, etc.) and confirming the interest of such alliances (winning new customers, streamlining of costs, increase in average baskets, etc.) at a time when the brands have been weakened by the health crisis.

THE BOOM IN SHOP-IN-SHOPS Recent examples



Décathlon in Franprix



C&A in Auchan



Nature & Découvertes in FNAC



Cash Converters in Carrefour



Truffaut in BHV



Noa in Carrefour

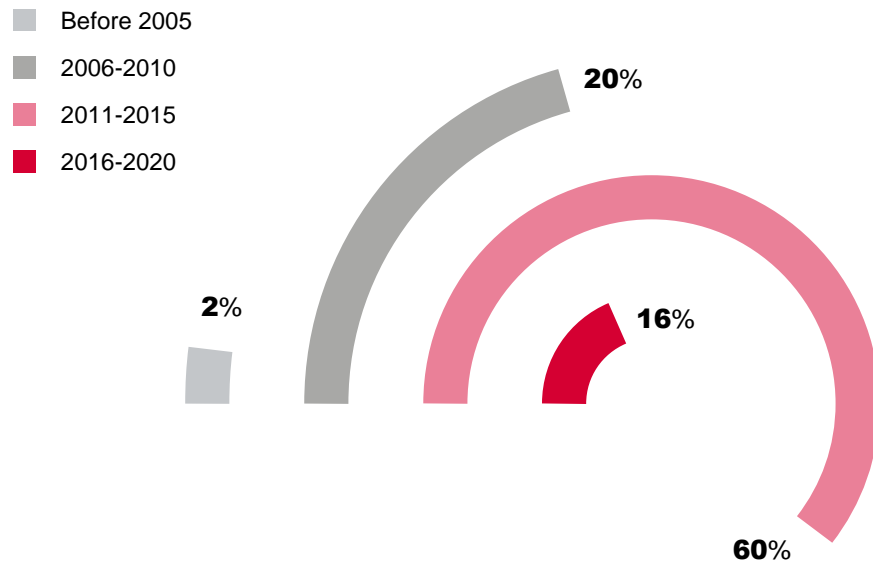
FOCUS ON DNVBS [DIGITAL NATIVE VERTICAL BRANDS]



DNVBS CONTINUE THEIR EXPANSION

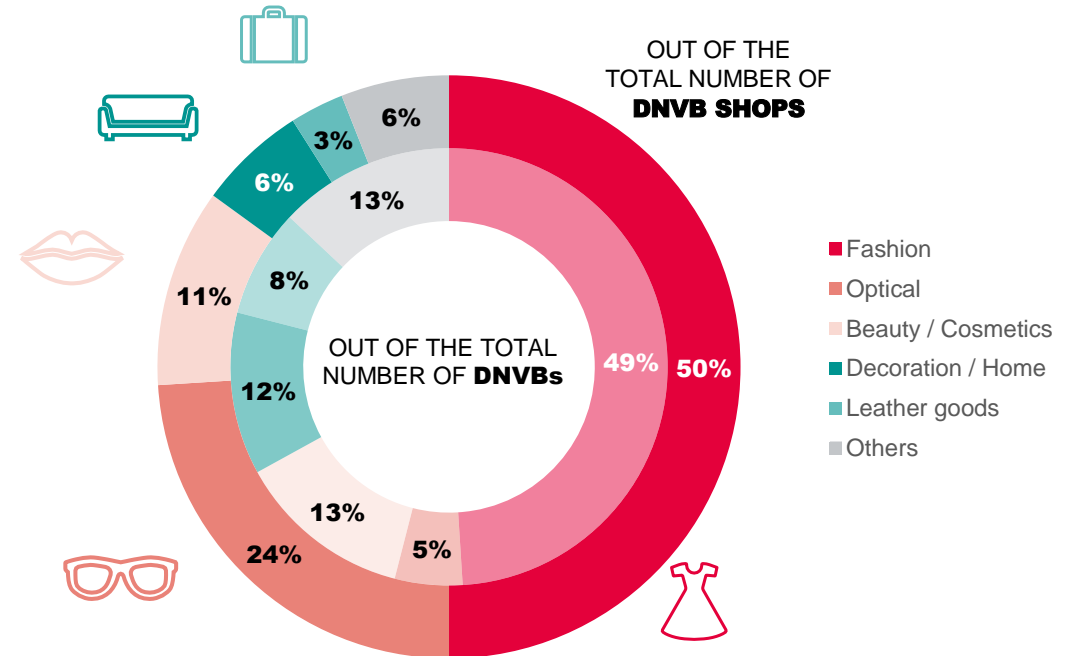
DNVBs are a fairly new phenomenon (76% are less than 10 years old) and still account for only a tiny proportion of sales in France. That said, their model (direct relations with the customer, perfect digital/physical interweaving, consumption that is more aware of its impact on the environment and society) seems to be perfectly in line with the changes in purchasing behaviour and the issues raised by the Covid-19 pandemic.

CREATION DATE
OF FRENCH DNVBS*



Sources: Knight Frank, DNVB websites / * Panel of 91 DNVBs, figures excluding department stores, as at 31st August 2020.

BREAKDOWN BY PRODUCT TYPE
OUT OF THE TOTAL NUMBER OF FRENCH DNVBS*

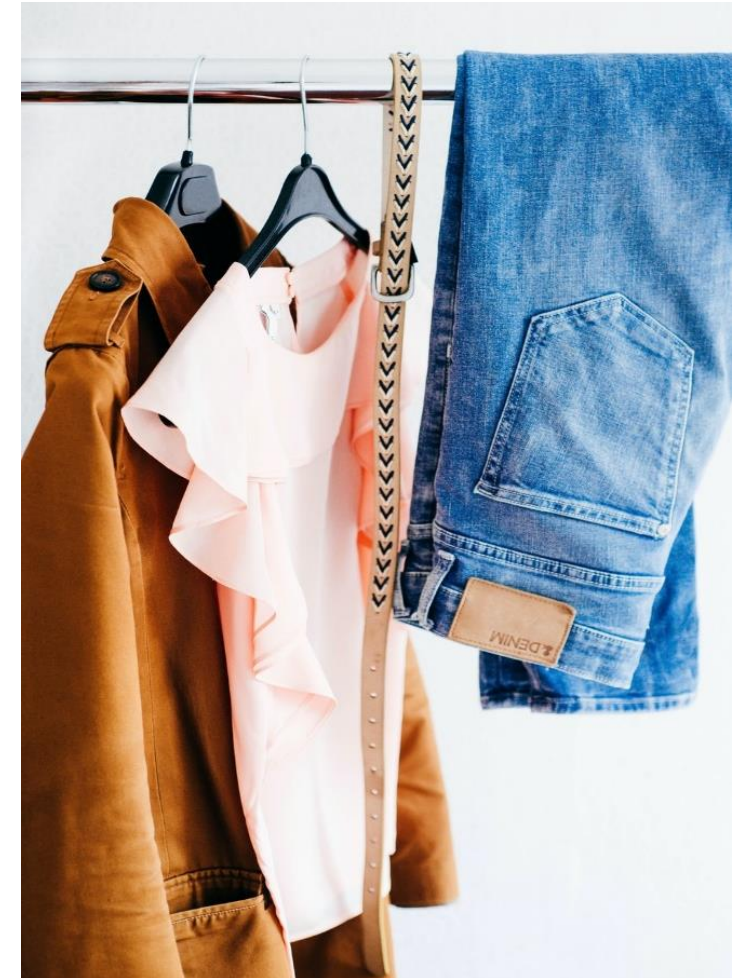
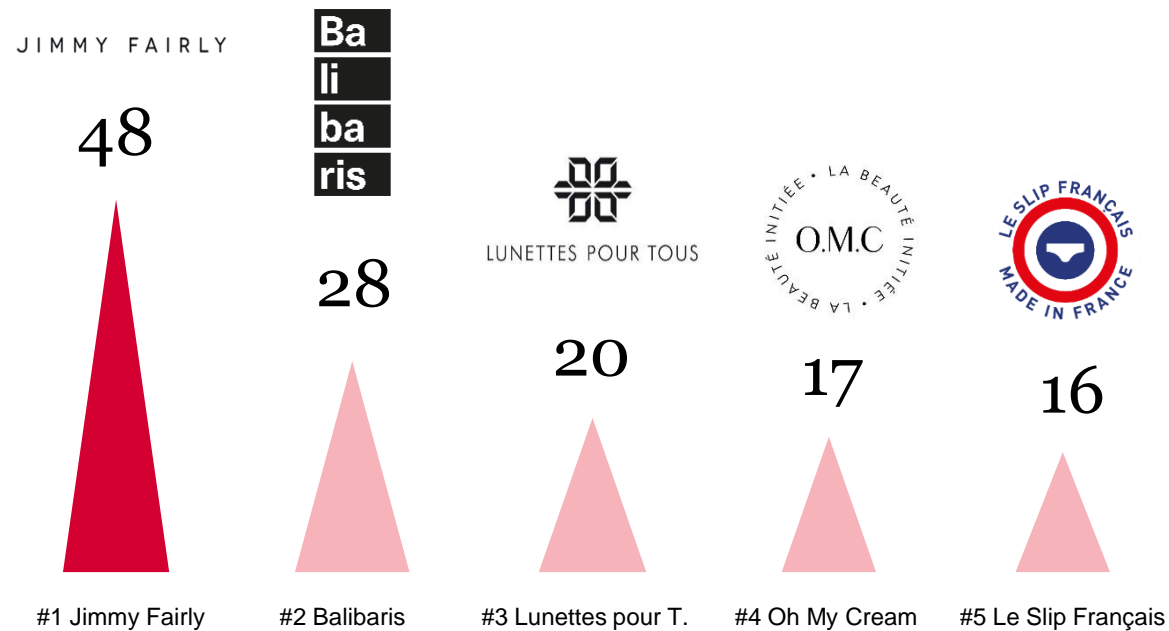


Sources: Knight Frank, DNVB websites / * Panel of 91 DNVBs, figures excluding department stores, as at 31st August 2020.

DNVBS CONTINUE THEIR EXPANSION

The DNVB network with their own shops usually consists of only one or two outlets. Only a handful of them have opened more than 10. However, the physical presence of DNVBs is growing as a result of first DNVB openings (e.g. Horace, rue Vieille du Temple in Paris) and the further development of already established brands (Oh My Cream)

TOP 5 DNVBs WITH THE LARGEST NUMBER OF SINGLE-BRAND STORES IN FRANCE*



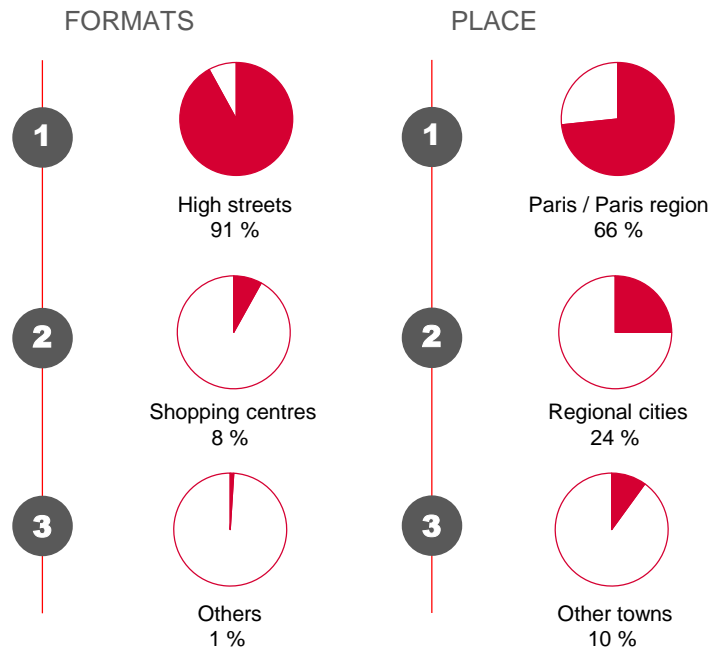
Sources: Knight Frank, DNVB websites / * Panel of 91 DNVBs, figures excluding department stores, as at 31st August 2020.

DNVBS CONTINUE THEIR EXPANSION

While DNVBs continues to focus on Paris and its high street retail units for the opening of their own shops, these are increasingly being developed in the centres of regional cities and in the country's largest shopping centres

PREFERRED LOCATION METHODS

IN FRANCE, OF THE TOTAL NUMBER OF DNVB SHOPS*



EXAMPLES OF RECENT AND FUTURE OPENINGS

IDENTIFIED IN FRANCE SINCE THE BEGINNING OF 2020

DNVB	ADDRESS	TOWN
BALIBARIS	LA PART-DIEU SHOPPING CENTRE	LYON
BALIBARIS	26 RUE DES HALLEBARDES	STRASBOURG
HORACE	68 RUE VIEILLE DU TEMPLE	PARIS
JIMMY FAIRLY	LA PART-DIEU SHOPPING CENTRE	LYON
LIVY	19 RUE VOLTAIRE	BORDEAUX
LUNETTES POUR TOUS	EURALILLE SHOPPING CENTRE	LILLE
LUNETTES POUR TOUS	ITALIE 2 SHOPPING CENTRE	PARIS
OH MY CREAM	48 RUE DES FRANCS BOURGEOIS	PARIS
OH MY CREAM	5 RUE DU MARCHÉ ST-HONORÉ	PARIS
OH MY CREAM	20 RUE PARADIS	MARSEILLE
SÉZANE	15 PLACE LOUISE DE BETTIGNIES	LILLE

Sources: Knight Frank, DNVB websites / * Panel of 91 DNVBs, figures excluding department stores, as at 31st August 2020.

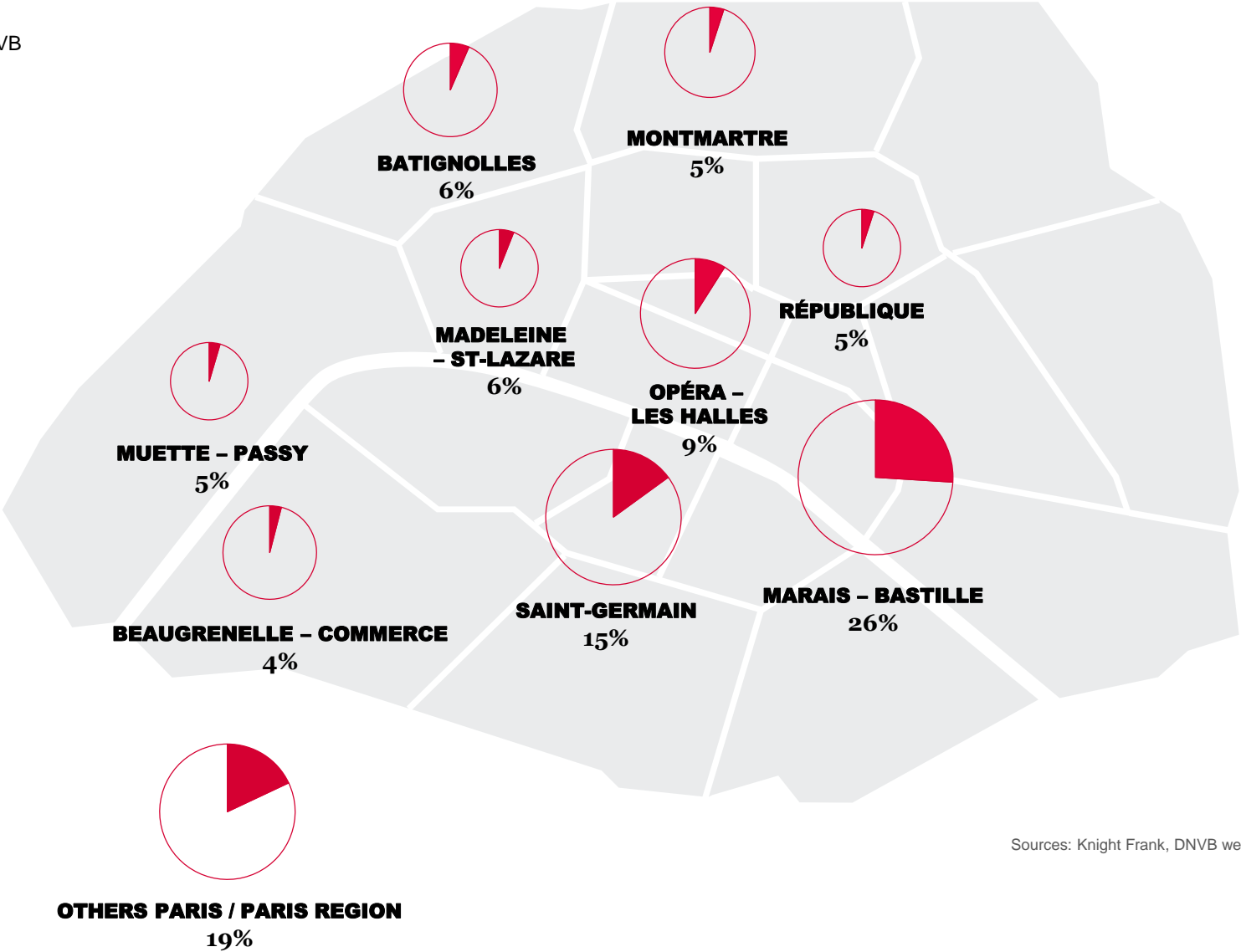
Shopping centre opening

Sources: Knight Frank, DNVB websites

A STRONG GEOGRAPHIC CONCENTRATION

DNVB SHOP LOCATIONS IN PARIS

SHARE OF EACH DISTRICT IN THE TOTAL NUMBER OF DNVB SHOPS IN PARIS AND THE GREATER PARIS REGION



Sources: Knight Frank, DNVB websites.



THE HIGH STREET MARKET

The different retail formats do not have the same resistance to the Covid-19 pandemic. Since the lifting of lockdown, it is probably the high streets of the big cities that have suffered the most.

In Paris, the retail market suffers from many "annoyances" connected with compliance with health precautionary measures (access by public transport, etc.) and above all from the fall in attendance by two strategic clienteles: that of foreign tourists, especially the most high-spending ones (Chinese, Americans, etc.), and office workers, a certain number of whom are still working from home.

As the end of summer approaches, retail activity remains well below normal in the capital. While the streets targeting a local clientele with high purchasing power (rue de Passy, etc.) are doing well, the situation is quite different for the main streets in the very centre of Paris, which are much more dependent on the tourist clientele. On the most prestigious streets, this situation is already reflected in a drop in the number of luxury boutique openings, a trend that is likely to continue as long as the flow of non-European visitors remains at such a low level. The number of new foreign brands, which generally target the central districts of Paris for their first opening in France, is also decreasing.

In this context, the brands are obviously showing great caution, even if they were already very selective before the outbreak of the health crisis, streamlining their network of shops to the detriment of the least profitable locations, as in the fashion sector. This trend, which translates into closures as well as transfers, is accelerating, so that an increase in vacancies is to be expected on certain major streets in the capital. This rise in supply, combined with the lack of visibility and the economic difficulties associated with the Covid-19 pandemic have already changed the terms of negotiation, with greater recourse to rental incentives. Changes in rental values are more difficult to measure as we still lack post-Covid transaction references. That said, the crisis will probably put an end to the increase in rental values on a few prime streets, while a downward correction is expected on those suffering most from the drop in footfall, the wait-and-see attitude of retailers and the rise in supply.

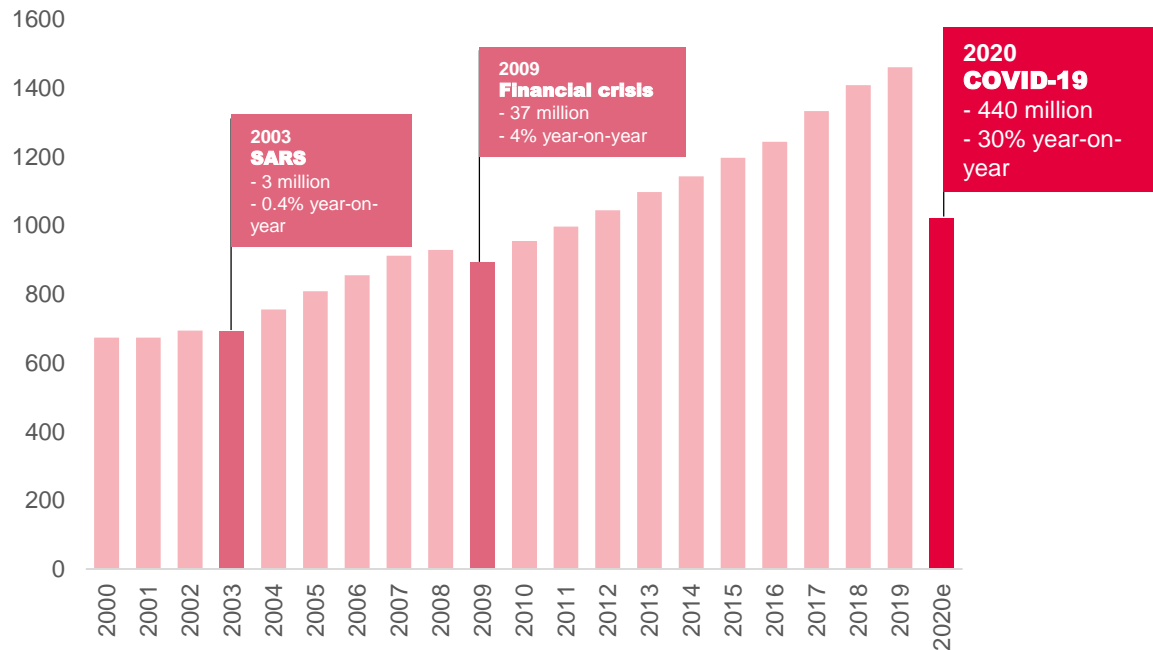
However, the market is not totally blocked. Therefore, the desire to set up or develop is not systematically called into question, especially if the lease start date is a long way off. Certain activities, moreover, remain dynamic, such as local food formats, fast food, leisure activities and anything to do with urban mobility. This is also the case in the home sector, as illustrated by IKEA's recent announcement that it will open a new concept dedicated to decoration on nearly 3,000 sq m at 144 rue de Rivoli in 2021. Although the new

Samaritaine department store has postponed its opening to the beginning of 2021, rue de Rivoli has also recently seen the inauguration of two new flagships (Skechers at n°102 and especially JD Sports at n°118), before the announced opening of a space of nearly 2,000 sq m dedicated to gaming at n°150 (Esport). Despite the crisis linked to the Covid-19 pandemic, the awakening of this major right bank street and the gradual renewal of its supply thus provides one of the most striking examples of the resilience of the Parisian retail market.

A BLOW TO THE TOURISM INDUSTRY

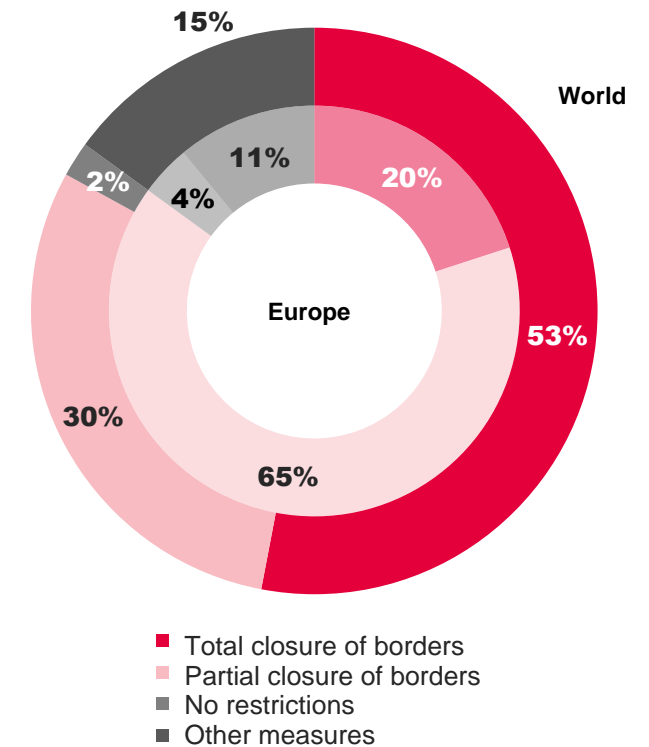
While travel restrictions have gradually eased in some countries, tourist activity has only recovered very slightly. Over 2020 as a whole, international tourist flows will fall very sharply, with an estimated 30% drop globally compared to 2019. A return to normal is not expected before at least 2022-2023. It should be remembered that it took 14 and 19 months respectively for the arrivals of international travellers in the world to return to a normal level after the 9/11 attacks and the onset of the great financial crisis of 2009.

INTERNATIONAL TOURIST ARRIVALS GLOBALLY
IN MILLIONS SINCE 2000



Source: World Tourism Organisation

GLOBAL TRAVEL RESTRICTIONS
SHARE OF TYPE, IN 217 COUNTRIES AS AT 19TH JULY 2020

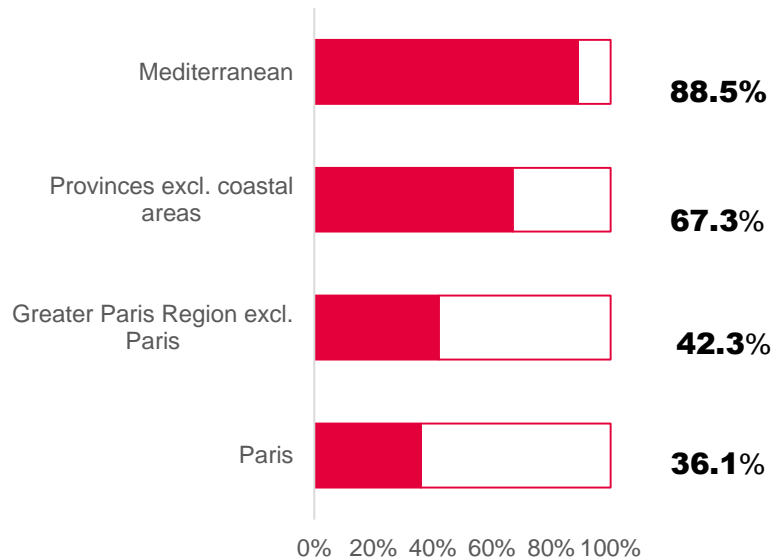


Source: World Tourism Organisation

A BLOW TO THE TOURISM INDUSTRY

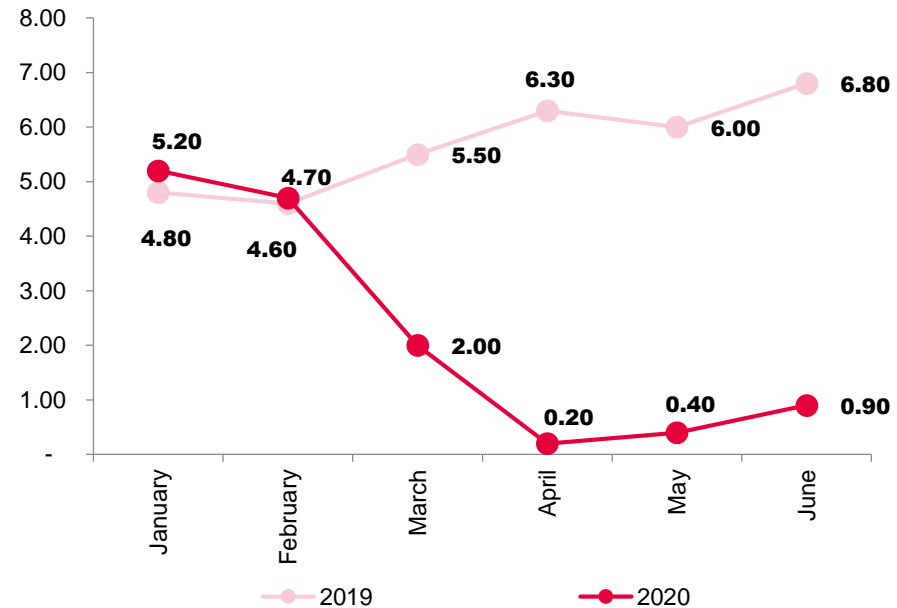
In July, nearly 60% of hotel rooms in Paris were still closed to bookings, a rate that decreased to 53% in August but was still well above the national average (20%). Although the occupancy rate of open establishments is gradually increasing (36.1% during the first fortnight of August after 18.3% in June), its level remains low, testifying to the strength of the blow dealt by the health crisis to the Greater Paris Region tourism market, with an estimated loss of earnings of 6.4 billion euros between January and June 2020. Less dependent on foreign customers, the activity has been more resistant in the provinces.

HOTEL OCCUPANCY RATE
1ST TO 16TH AUGUST 2020 IN FRANCE



Source: MKG Consulting

CHANGE IN NUMBER OF OVERNIGHT HOTEL STAYS
IN 2020 IN THE GREATER PARIS REGION (IN MILLIONS)

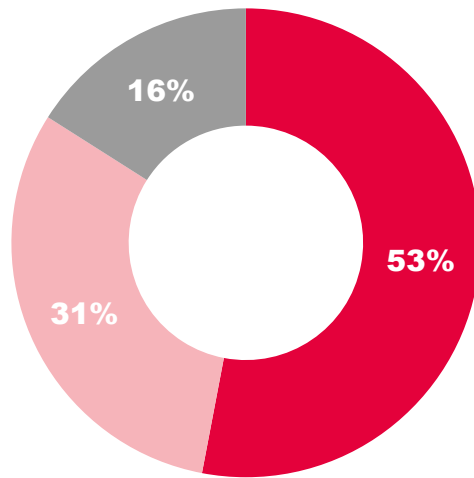


Source: Greater Paris Region Regional Tourism Committee

A BLOW TO THE TOURISM INDUSTRY

Although we lack visibility on tourist activity in Paris in the coming months, the continuing health risk and the state of bookings suggest that the end of the year will be difficult. Furthermore, tourist arrivals are likely to be mainly made up of French and Europeans by the end of 2020, while Asian and American visitors, usually the biggest spenders, will remain much less present than usual.

FORECAST OF ACTIVITY CHANGES AT THE END OF OCTOBER IN PARIS*



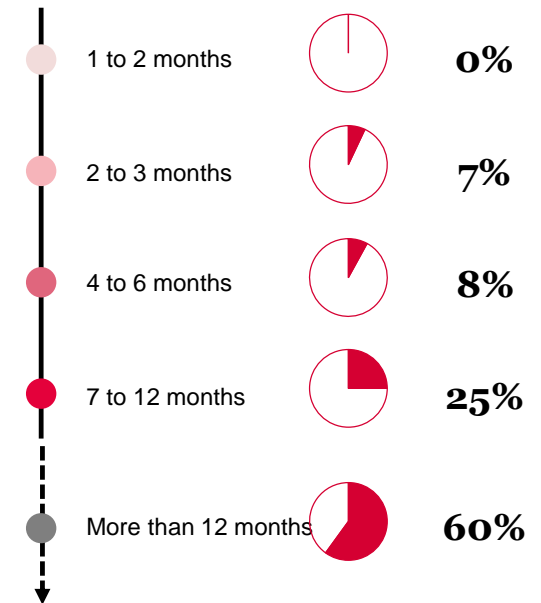
■ Improvement ■ Stable ■ Worsening

*Feeling of the professionals regarding tourist activity

MAIN NATIONALITIES TO HAVE MADE A RESERVATION FOR SEPTEMBER IN PARIS



ESTIMATED TIME FOR A RETURN TO NORMAL BY PARISIAN ACCOMMODATION PROVIDERS



Source: Greater Paris Region Regional Tourism Committee

SIGNIFICANT OPENINGS AND TRANSACTIONS



EXAMPLES OF RECENT OPENINGS AND TRANSACTIONS

Brand	Address	City/District	Total area (sq m)
IKEA	144 rue de Rivoli	Paris 1	2,900
ESPOT	150 rue de Rivoli	Paris 1	1,760
SEPHORA	4 rue Halévy	Paris 9	1,330
HUAWEI	9 boulevard des Capucines	Paris 2	860
FOOT LOCKER	66 rue de Rivoli	Paris 4	825
VERSACE	247 rue Saint-Honoré	Paris 1	800
TAI PING	3 place des Victoires	Paris 1	800
CONCEPT STORE PERNOD	108 rue Saint-Lazare	Paris 8	720
BIG MAMMA	44 rue de Paradis	Paris 10	640
NORMAL	5 boulevard Saint-Michel	Paris 5	550
FIVE GUYS	12-18 rue des Grandes Arcades	Strasbourg	505
LA REDOUTE INTERIEURS	21 rue d'Uzès	Paris 2	350
MINISO	58 rue de la Chaussée d'Antin	Paris 9	290
HEURGON	56 rue du Faubourg Saint-Honoré	Paris 8	220
MAJE	350 rue Saint-Honoré	Paris 1	200
GRAND SEIKO	7 place Vendôme	Paris 1	200
EN SELLE MARCEL	26 boulevard Raspail	Paris 7	160

Source: Knight Frank

KNIGHT FRANK TRANSACTIONS



STILL LITTLE VISIBILITY ON RENTAL VALUES

The lack of visibility and the economic difficulties linked to Covid-19 have already changed negotiating conditions, with greater reliance on rental incentives. Although it is still too early to determine the real impact of the pandemic on rental values, we are already anticipating contrasting developments by neighbourhood, with a risk of a more or less rental adjustment depending on various factors such as the type of retail formats and target customers, the state of immediate and future supply, the level of demand from retailers and the level of rental values in place before the outbreak of the health crisis.

PRIME RENTAL VALUES IN PARIS IN €/SQ M/YEAR ZONE A

Retail street or zone	District	Target clientele	Prime rental value pre-Covid	2020 level of demand	2020-2021 risk of a correction
Avenue des Champs-Élysées	Paris 8	Tourists / Employees / Locals	20,000		
Avenue Montaigne	Paris 8	Tourists	15,000		
Rue du Faubourg Saint-Honoré	Paris 8	Tourists / Employees	15,000		
Rue Saint-Honoré	Paris 1	Tourists / Employees	15,000		
Boulevard Haussmann	Paris 8 / 9	Tourists / Employees	6,000		
Marais	Paris 3 / 4	Tourists / Locals	5,000		
Sèvres / Saint-Germain	Paris 6 / 7	Tourists / Locals	3,500		
Capucines / Madeleine	Paris 1 / 2 / 8 / 9	Touristes / Employés	3,500		
Rue de Rivoli	Paris 1 / 4	Tourists / Employees / Locals	3,500		
Rue de Rennes	Paris 6	Locals	3,000		
Rue de Passy	Paris 16	Locals	3,000		

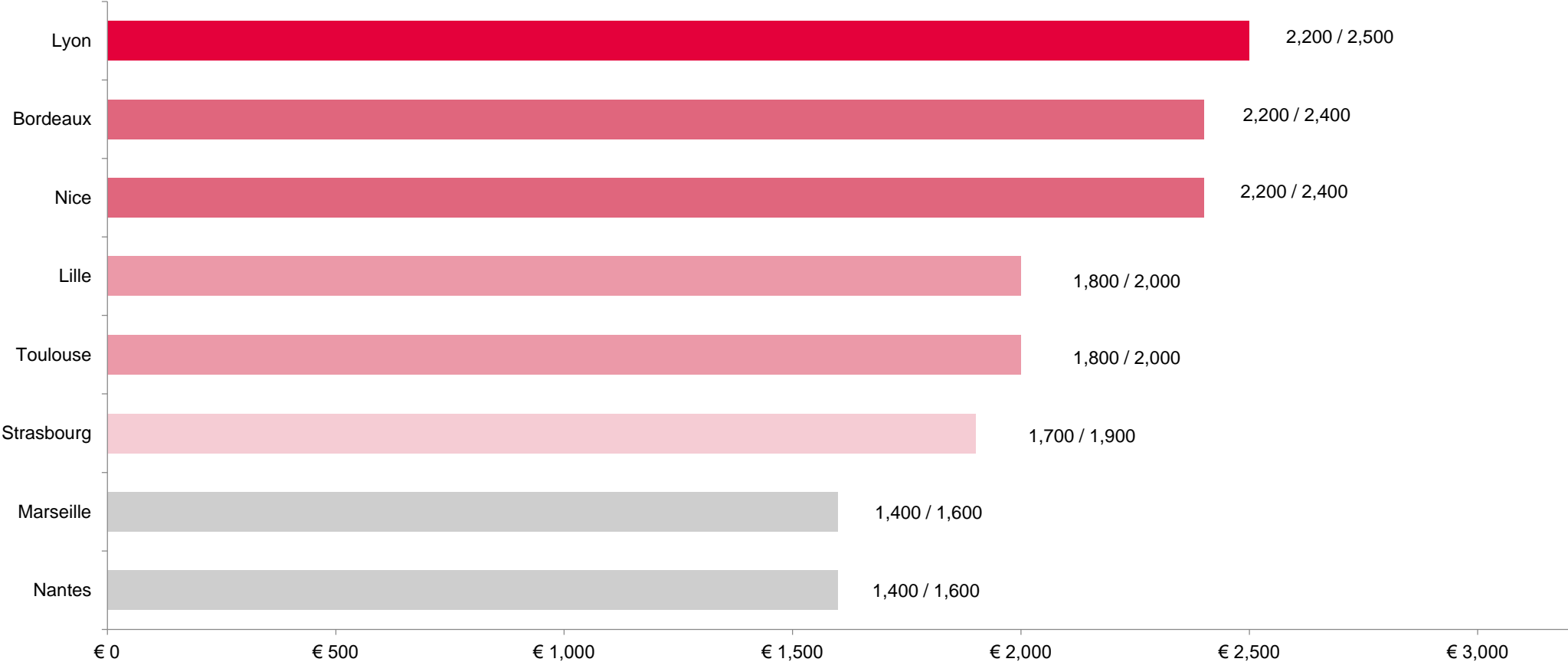
Low High

Low High

STILL LITTLE VISIBILITY ON RENTAL VALUES



PRIME RENTAL VALUES IN THE REGIONS
IN €/SQ M/YEAR ZONE A



Source: Knight Frank

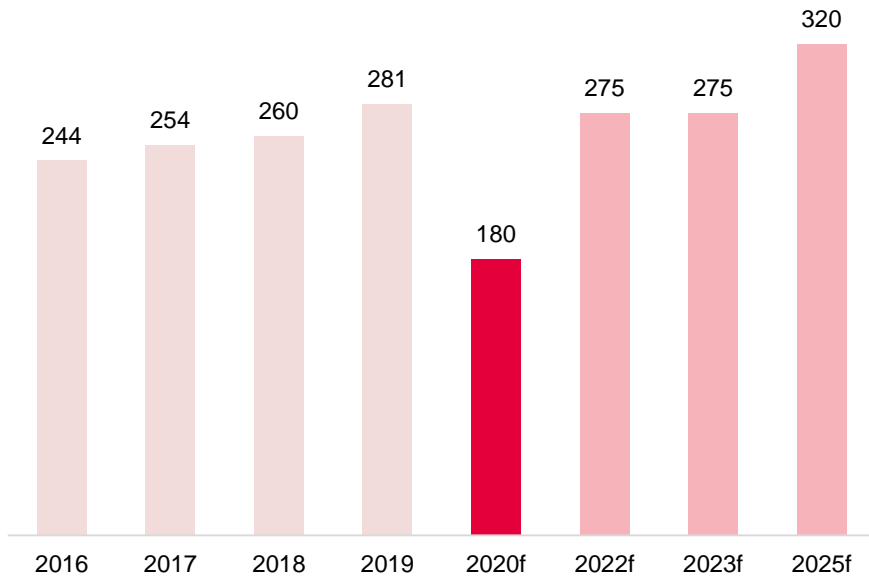


FOCUS ON THE LUXURY MARKET

A BLOW FOR THE LUXURY INDUSTRY

The health crisis has put a stop to several years of growth for the luxury industry. In 2020, the sector's turnover is expected to fall by almost 40%, an estimate consistent with the results of the major companies in the first half of the year. While the Asian market has begun to recover, this is not the case in the United States and Europe, where activity remains limited by the sharp drop in foreign visitors.

SALES OF LUXURY GOODS IN THE WORLD
T/O IN BILLIONS OF EUROS



Source: Bain & Company

LATEST RESULTS OF THE MAJOR COMPANIES
CHANGE IN SALES YEAR-ON-YEAR, AS A %

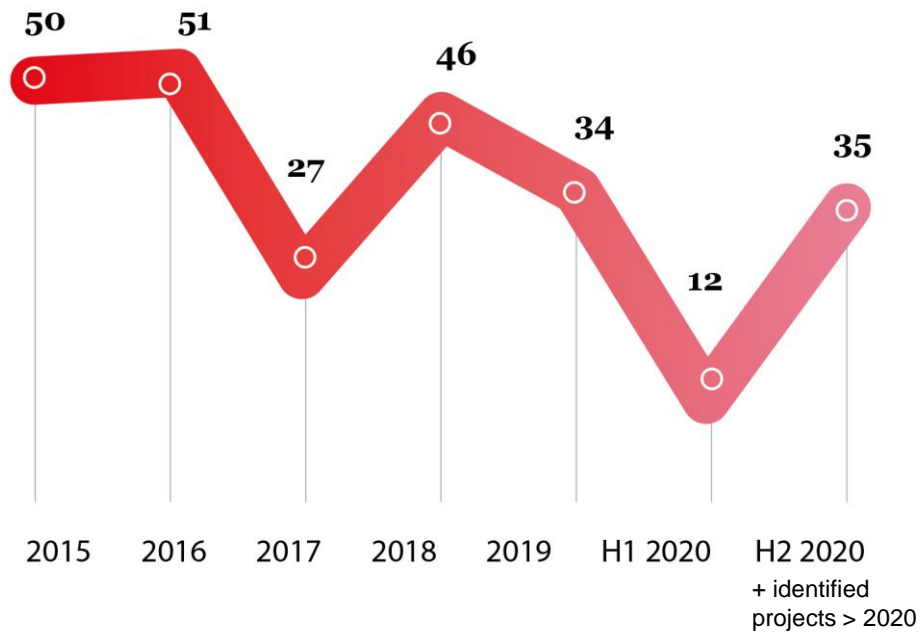
 MOËT HENNESSY • LOUIS VUITTON	H1 2020	World	- 28%
		Europe	- 33%
		Asia*	- 24%
	H1 2020	World	- 30%
		Europe	- 29%
		Asia*	- 25%
	Q1 2020**	World	- 47%
		Europe	- 59%
		Asia*	- 29%
 PARIS	H1 2020	World	- 22%
		Europe	- 36%
		Asia*	- 9%

Source: group financial communication / *Asia, excluding Japan / **Richemont: results for the March-June period.

DECREASE IN OPENINGS IN PARIS

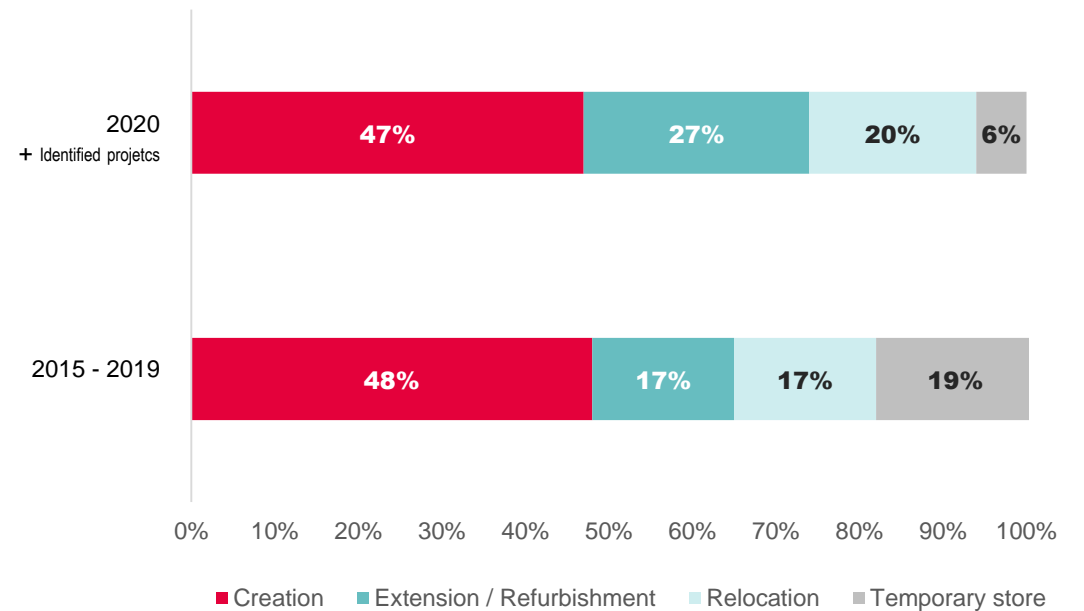
After decreasing in 2019, the number of luxury shop openings in Paris will continue to fall in 2020 and 2021 due to the lack of visibility linked to the health crisis and the drop in tourist numbers. An analysis of recent and future projects confirms the trend towards an improvement in the existing stock, with an increase in the share of extension, refurbishment and relocation operations.

LUXURY STORE OPENINGS IN PARIS
BY NUMBER AND YEAR*



Source: Knight Frank / *Creations, renovations-extensions, transfers and temporary shops.

BREAKDOWN BY TYPE
ON ALL LUXURY STORE OPENINGS IN PARIS*



Source : Knight Frank

LARGE FLAGSHIPS RETAIN A KEY ROLE

After the major openings in 2018 and 2019 (Dior on the Champs-Élysées, Chanel on rue Saint-Honoré, etc.), the inaugurations in early 2020 and the projects identified for the coming years confirm the trend for luxury brands to favour the flagship format in the most beautiful locations in order to promote the most prestigious brands.

EXAMPLES OF RECENT OPENINGS AND FUTURE PROJECTS LUXURY STORES, IN PARIS

#	BRAND	ADDRESS	DISTRICT
1	ARIJE	41 rue de Rennes	75006
2	BRUNELLO CUCINELLI*	14 avenue Montaigne	75008
3	BURBERRY*	376 rue Saint-Honoré	75008
4	DOLCE & GABBANA *	3-5 rue du Faubourg Saint-Honoré	75008
5	CARTIER*	11 rue de la Paix	75002
6	DELVAUX	368 rue Saint-Honoré	75001
7	DIOR*	30 avenue Montaigne	75008
8	DIOR	261 rue Saint-Honoré	75001
9	HERMES*	17 rue de Sèvres	75006
10	MONCLER	119 avenue des Champs-Élysées	75008
11	PUCCI	165 bd Saint-Germain	75006
12	VERSACE	249 rue Saint-Honoré	75001



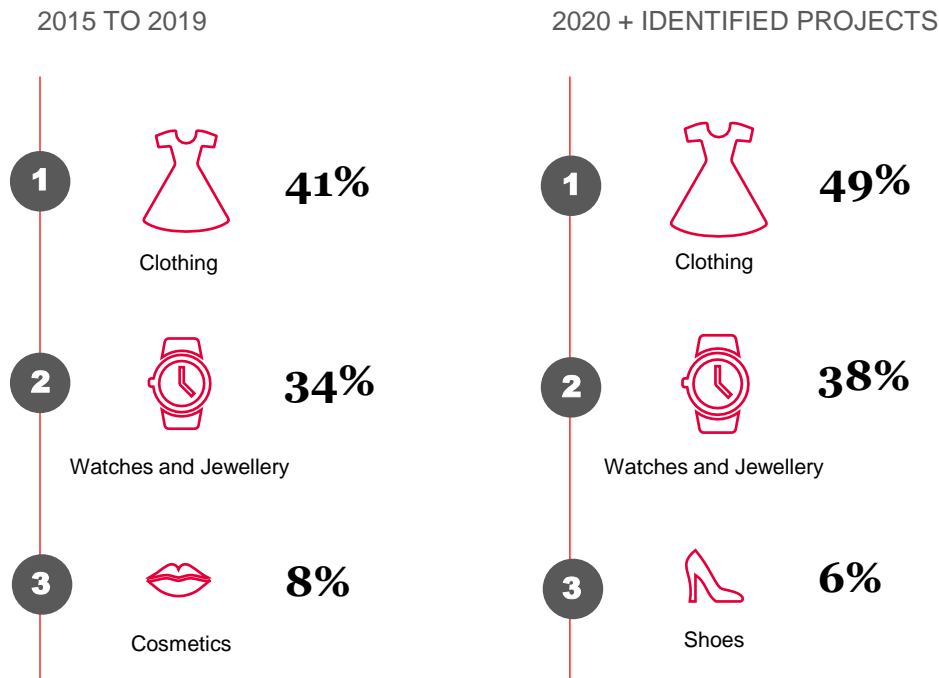
Source: Knight Frank / *Extension (extension-renovation or relocation-extension)

Source: Knight Frank

A MARKET DRIVEN BY LVMH AND CHANEL

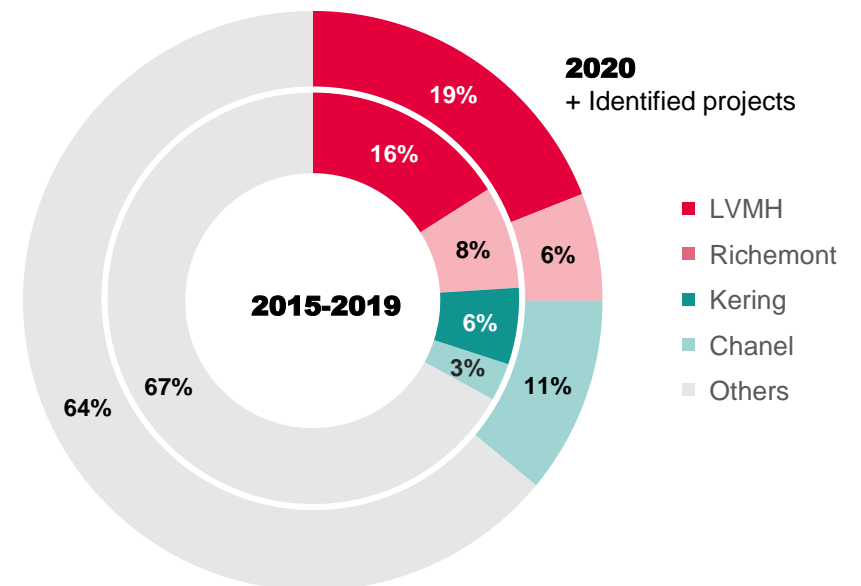
Chanel and LVMH group brands account for 30% of the boutiques that have opened since the beginning of 2020 and the forthcoming openings. With several major projects carried out for Dior, Bulgari, Chaumet, Pucci and Loewe, the world's leading luxury goods company remains the most active group and continues to imprint its brand on the capital's most attractive locations.

BREAKDOWN BY PRODUCT CATEGORY TOP 3 OF ALL LUXURY STORE OPENINGS IN PARIS *



Source: Knight Frank / *Creations, renovations-extensions, relocations and temporary shops.

BREAKDOWN BY GROUP / BRAND H1 2020 OPENINGS AND IDENTIFIED PROJECTS (H2 2020 AND BEYOND) IN PARIS*

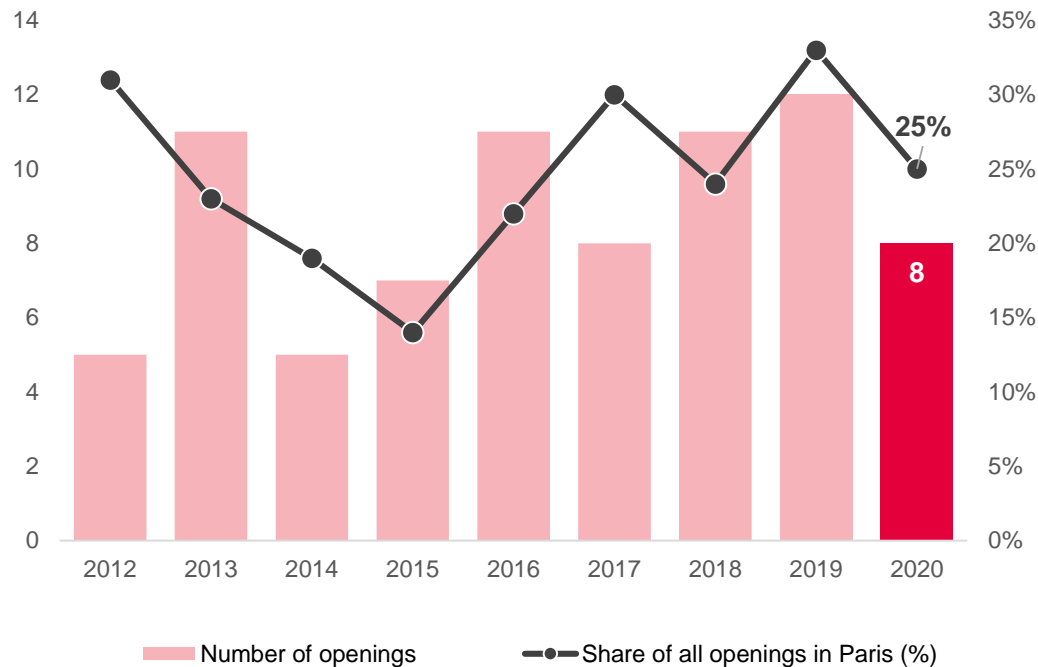


Source: Knight Frank / *Creations, renovations-extensions, transfers and temporary shops.

RUE SAINT-HONORÉ, THE PARISIAN MARKET'S HOT SPOT

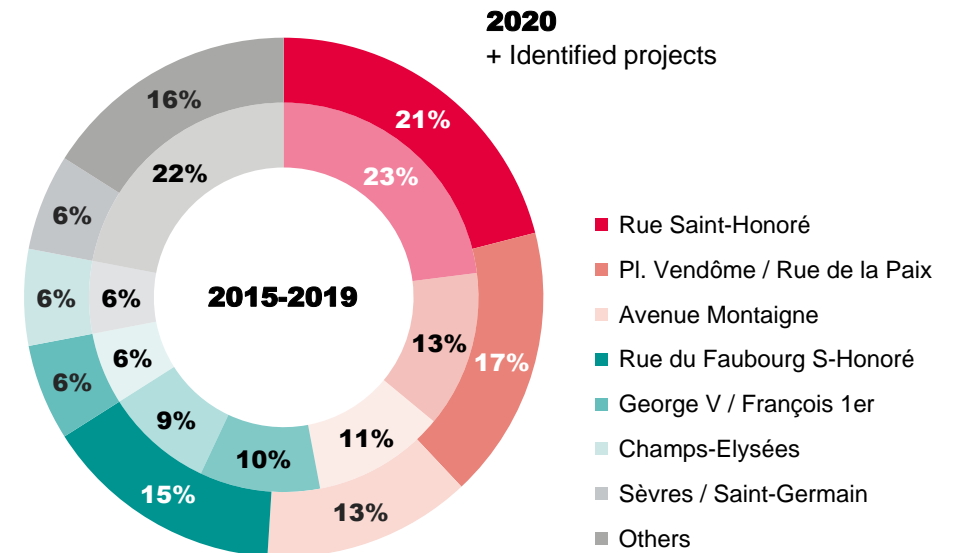
With almost 80 openings recorded since 2012, including around thirty since 2018, Rue Saint-Honoré remains the most popular street in the Paris luxury market. After the peak in 2019, the number of openings will certainly decrease in 2020 (8 compared to 12 last year) but with several recent iconic openings (Dior) or those to come (Loewe, Versace, etc.).

CHANGE IN THE NUMBER OF LUXURY STORE OPENINGS ON RUE SAINT-HONORÉ*



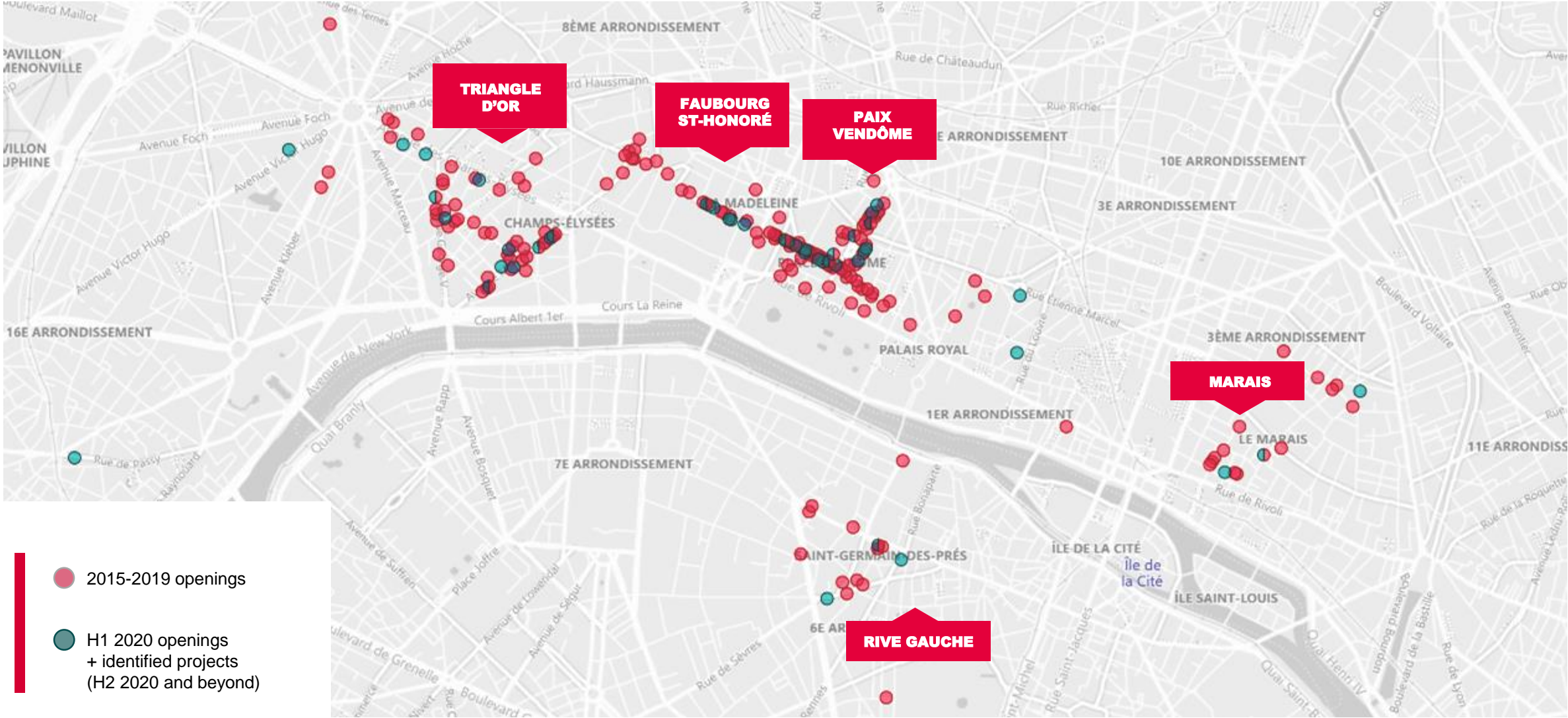
Source: Knight Frank / *Creations, renovations-extensions, relocations and temporary shops.

BREAKDOWN BY GROUP / BRAND
H1 2020 OPENINGS AND IDENTIFIED PROJECTS IN PARIS*



Source: Knight Frank / *Creations, renovations-extensions, relocations and temporary shops.

MAP OF PARISIAN LUXURY STORES



Source: Knight Frank / *Creations, renovations-extensions, transfers and temporary shops.





**RETAIL COMPLEXES
TRENDS AND PROJECTS**

Shopping centres were hard hit by the health crisis. Certain centres (those bigger than 40,000 sq m, specifically in the Greater Paris Region) and certain sectors (restaurants and cinemas) suffered further due to later re-openings. While all shopping centres are now open, the number of visitors remains much lower than last year (-33.8% at the end of June 2020), even though the large property companies report a gradual increase in the number of visitors. Klépierre reports that attendance at its centres fell to 68% of last year's level in May, before rising to 75% in June and 80% in July. Nevertheless, the catch-up is very uneven depending on the sector, with the dynamism of the household goods sector contrasting, for example, with the difficulties in the clothing and catering sectors. Performance also varies according to the type of centre, with working from home and reduced use of public transport adversely affecting centres in densely populated urban areas.

The increase in vacancies seems to be under control for the moment, even if closures could accelerate in the event of a deterioration in health conditions and an acceleration in the difficulties of the retailers. These difficulties have already resulted in a decrease in the collection of rents and charges, which leads property companies to negotiate on a case-by-case basis with retailers (rent reductions in return for longer fixed lease terms, etc.).

Retail zones in the outskirts seem to be more resistant to the Covid-19 pandemic due to a supply that is well adapted to current needs (prices responding to household budget constraints, lower occupancy costs for retailers, etc.) and to easier access by car. Moreover, the sectors that have experienced the most marked rebound in sales or have suffered the least from the lockdown are very present in the outskirts, such as food, DIY, furniture and garden centres. Some retail parks are thus posting higher visitor numbers than a year ago (+1.4% for the Frey sites over the period from 11th May to 22nd June).

What can we expect in the coming months in terms of demand from retailers? Whether shopping centres or retail parks, the trends are the same as those seen across the entire retail market. While a wait-and-see attitude prevails for many retailers, a number of players will continue to expand because their offer meets the current needs of consumers and because they are taking advantage of more favourable lease conditions and the releasing of space by other retailers to develop their network. This is particularly the case for low-cost retailers, several of which are continuing to make inroads in France (Normal, Zeeman, B&M, Colruyt, etc.). Other sectors remain dynamic and are taking an increasing place in the mix of retail complexes, such as organic shops, catering, sports and leisure (fitness, climbing walls and trampolines, virtual reality and escape games, etc.). Other developments are also to be noted with regard to shopping centres: they are increasingly becoming

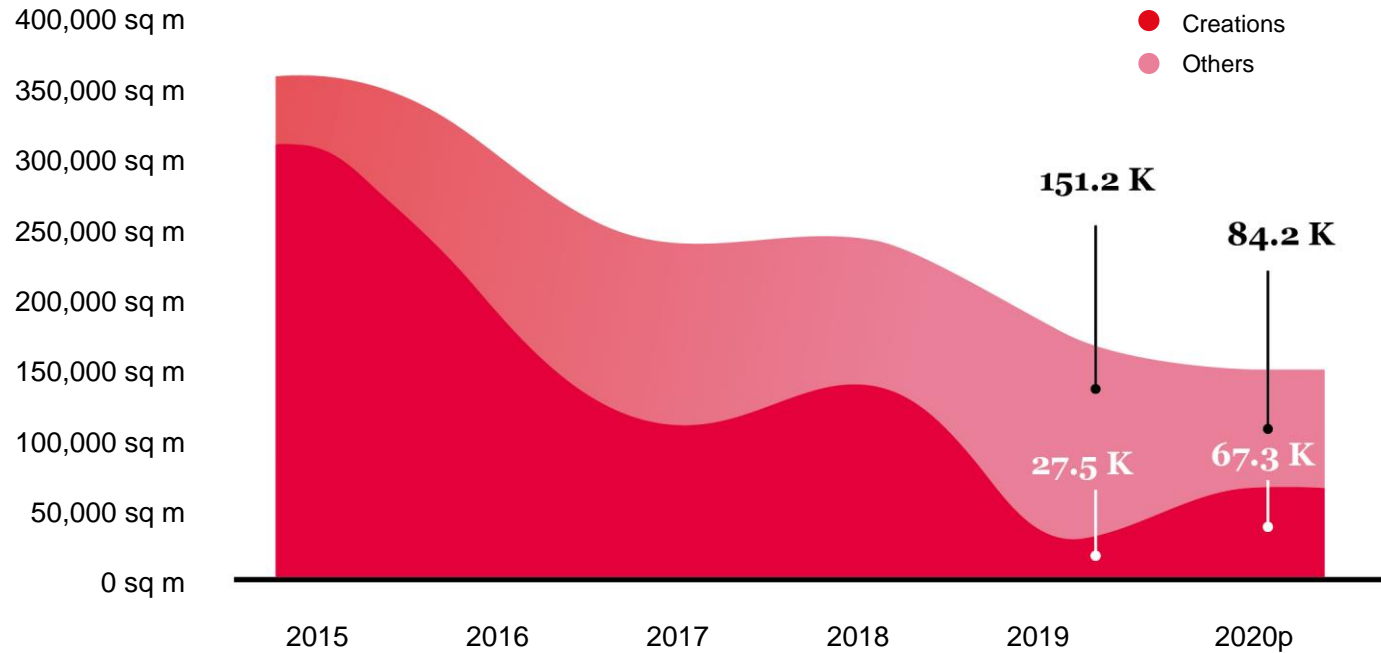
lifestyle places that are better connected to their environment. Since lockdown, this change has notably involved an increase of initiatives in the social domain (support points for female victims of domestic violence, partnerships with Secours Populaire, educational support, etc.). The transformation of shopping centres also involves accelerating digitalisation, with the launch of tools facilitating click & collect ("Ocitô" / Mercialis) and the opening of pure-player shops.

The coming months will also confirm the downward trend in new retail space openings. After a very low number of openings in the first half of 2020, there will be more openings in the second half of the year, but they will be much more limited than in previous years. Furthermore, construction delays due to lockdown and marketing difficulties have led to the postponement of a certain number of projects. This is the case for shopping centres but also for retail parks, in a political context that is all the more favourable to limiting the creation of new retail space (circular issued by the Prime Minister to the prefects at the end of August, "green wave" in the municipal elections, etc.).

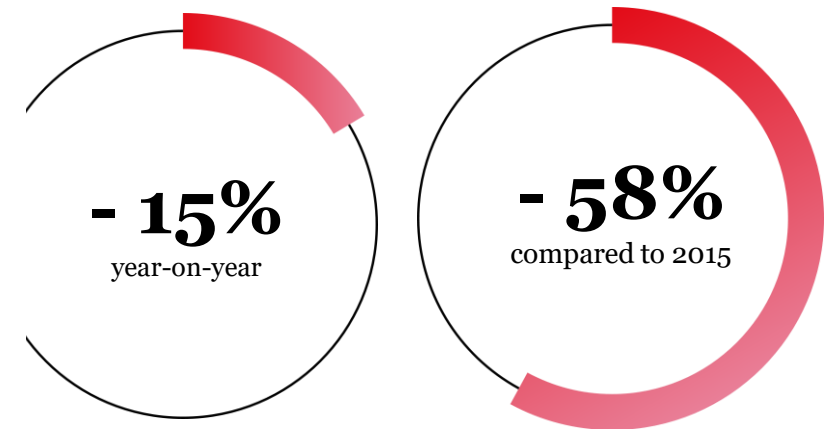
SHOPPING CENTRE OPENINGS

The downward trend in developments continues. In 2020, around 150,000 sq m are expected, compared with 180,000 sq m last year and more than 350,000 sq m during the previous peak in 2015. The decrease is also significant in terms of the number of transactions, with three major projects accounting for 83% of all openings planned for 2020: the extension of "Lyon Part-Dieu" on the one hand, and "Mon Grand Plaisir" and "Lillenum" on the other, both inaugurated at the end of August in the Paris region and in Lille.

SHOPPING CENTRE OPENINGS IN METROPOLITAN FRANCE
IN SQ M



2020 OPENINGS IN FRANCE
OUT OF TOTAL VOLUME, IN SQ M



Source: Knight Frank

EXAMPLES OF PROJECTS

EXAMPLES OF SHOPPING CENTRE OPENINGS EXPECTED IN 2020 AND 2021

Year	Centre	Town	Type	Area (sq m)
2020	LILLENIUUM	Lille (59)	Creation	56,300
2020	MON GRAND PLAISIR	Plaisir (78)	Creation	37,000
2020	LA PART-DIEU	Lyon (69)	Extension / Redevelopment	30,600
2021	LES ATELIERS GAITÉ	Paris (75014)	Extension / Redevelopment	27,800
2021	NICE LINGOSTIÈRE	Nice (06)	Extension / Redevelopment	12,000
2021	LE 31	Lille (59)	Extension / Redevelopment	10,000
2021	CORSO (CAP 3000)	Saint-Laurent-du-Var (06)	Extension / Redevelopment	8,600
2021	ITALIK (ITALIE 2)	Paris (75013)	Extension / Redevelopment	6,400
2021	SHOP'IN PACÉ	Pacé (35)	Extension / Redevelopment	2,400

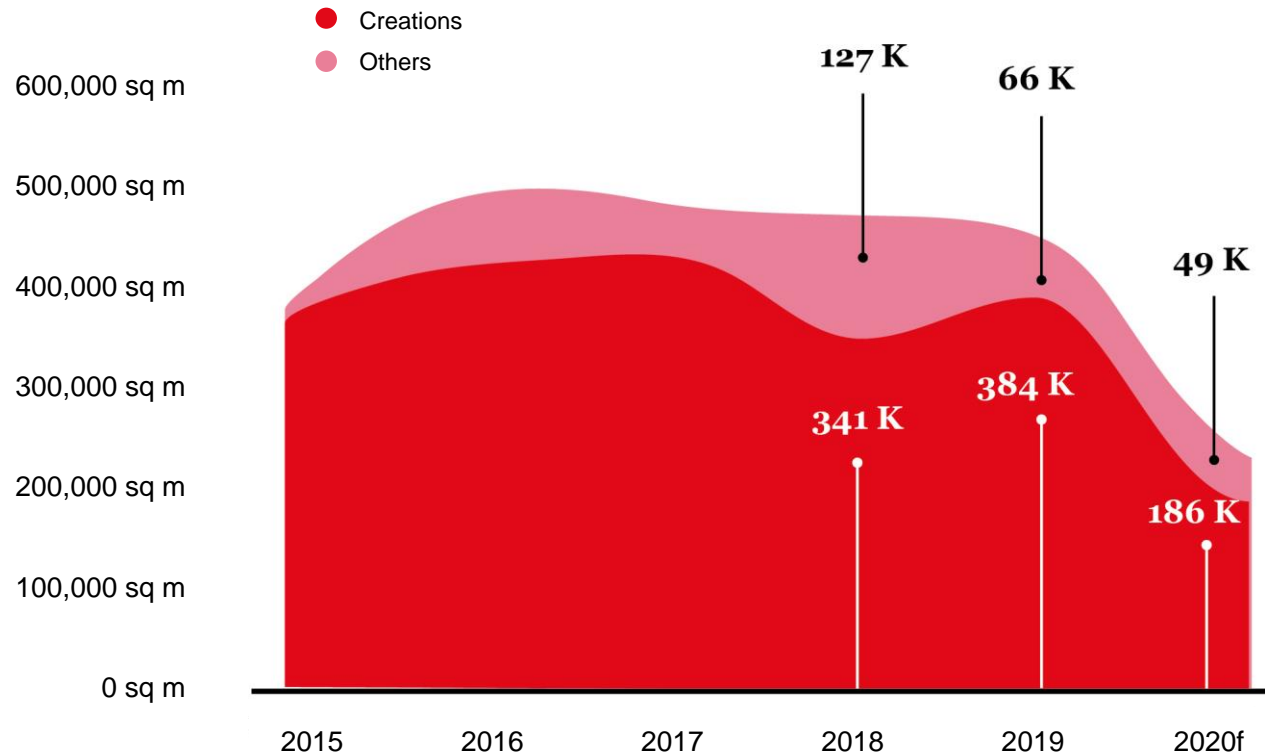
Projects initially announced for 2020 and now expected to open in 2021.

Source: Knight Frank

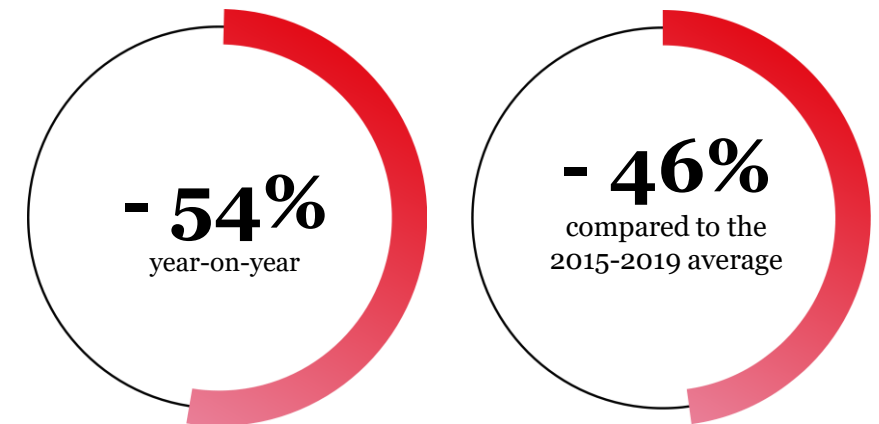
RETAIL PARK OPENINGS

If the trend has long been downwards in the development of shopping centres, this is not the case for retail parks. In fact, the volume of openings remained high in 2019, at around 450,000 sq m. With a drop of 54% year-on-year and 46% compared with the average of the last five years, 2020 will therefore mark a fairly clear break, even if a few major openings are expected (such as the 70,000 sq. m of Steel in Saint-Étienne).

RETAIL PARK OPENINGS IN METROPOLITAN FRANCE
IN SQ M



2020 OPENINGS IN FRANCE
OUT OF TOTAL VOLUME, IN SQ M



Source : Knight Frank

EXAMPLES OF PROJECTS

EXAMPLES OF RETAIL PARK OPENINGS EXPECTED IN 2020 AND 2021

Year	Centre	Town	Type	Area (sq m)
2020	STEEL	Saint-Étienne (42)	Creation	70,000
2021	SHOPPING PROMENADE COEUR D'ALSACE	Vendenheim (67)	Extension / Redevelopment	66,000
2021	SHOPPING PROMENADE CLAYE-SOUILLY	Claye-Souilly (77)	Creation	46,000
2021	MAINE STREET	Ruaudin (72)	Extension / Redevelopment	27,000
2020	L'ÎLE ROCHE	Sallanches (74)	Creation	12,000
2020	LE CHAUDRON	Pornic (44)	Creation	11,200
2020	POP'A AUTUN	Autun (71)	Creation	11,000
2021	LA PROMENADE DE L'OISON	Caudebec-lès-Elbeuf (76)	Creation	11,000
2020	L'ESCALE	Hautmont (59)	Creation	10,300
2020	ORGEVAL 2	Coulommiers (77)	Extension / Redevelopment	8,500

Projects initially announced for 2020 and now expected to open in 2021.

Source : Knight Frank



THE INVESTMENT MARKET

In the first half of 2020, the retail sector performed very well, with €2 billion invested in France (up 35% compared with the same period in 2019). Such a result had not been recorded in the first half of the year since 2014, a record year for the retail investment market. At that time, activity was driven by sales of shopping centres, both in the form of portfolios (Klépierre portfolio sold to Carmila) and individual assets (Beaugrenelle). In the first half of 2020, it was the sale by Unibail-Rodamco-Westfield of shares in a portfolio of five centres for more than €1 billion that greatly inflated the amount invested.

Although this one-off transaction was completed, the health crisis nevertheless increased investors' caution due to the uncertainty surrounding the evolution of rental values, the troubles of a growing number of retailers and the problems of non-payment or deferral of rents. Caution towards retail has also spread to banks, which are more careful (as with other types of property) about the quality of assets and their fundamentals when financing new operations.

Assets deemed to be the safest are not unaffected by investor reluctance. For example, high streets have accounted for only 22% of the amount invested in shops

since the beginning of 2020, compared with 37% in the first half of 2019. While some people are wondering about the future of physical retail in a post-Covid world that leaves more room for digital, other formats, such as convenience and food, are whetting investors' appetites. This craze was illustrated in the second quarter of 2020 by AEW's purchase of four Monoprix shops, bringing the total amount invested in this brand to €2.2 billion since 2015!

The trends observed since the outbreak of the pandemic are expected to continue until the end of 2020, with a limited number of transactions, partially offset by a few large transactions. Volumes invested over the year as a whole will nevertheless be lower than in 2018 (€4.7 billion) and 2019 (€6 billion). In terms of asset types, proximity will remain highly valued, while further sales of retail portfolios in the form of sale and leaseback transactions should drive the market. These transactions will enable brands to replenish their cash flow and finance the transformation of their business model, while satisfying the demand from investors looking for assets secured by long leases. On the other hand, the health crisis is expected to accelerate investors' disaffection for secondary assets, even though a number of recent transactions demonstrate the interest of certain players in

the value creation opportunities offered by this market category. As for the Parisian prime streets, these have lost their supremacy but it is a safe bet that they will return to the forefront with the return of foreign tourists. In the regions, streets in the large cities, less dependent on international visitors, seem more resistant in the short term. Moreover, it is in this market niche that the most important transaction was recorded at the beginning of the third quarter: the sale of Printemps de Lille to Unofi for a little under 100 million euros.

KEY FIGURES



	1 ST HALF 2020	1 ST HALF 2019	TREND
Volumes invested in retail in France	€2 B	€1.5 B	↑
Share of retail*	18%	11%	↑
Number of transactions > €100 M	3	1	↑
Share of volumes invested in the Greater Paris Region**	53%	33%	↑
Share of foreign investors**	11%	40%	↓
Prime high street yield	3.00%	2.75%	↑
Prime shopping centre yield	4.25%	4.25%	→
Prime retail park yield	5.25%	5.00%	↑

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

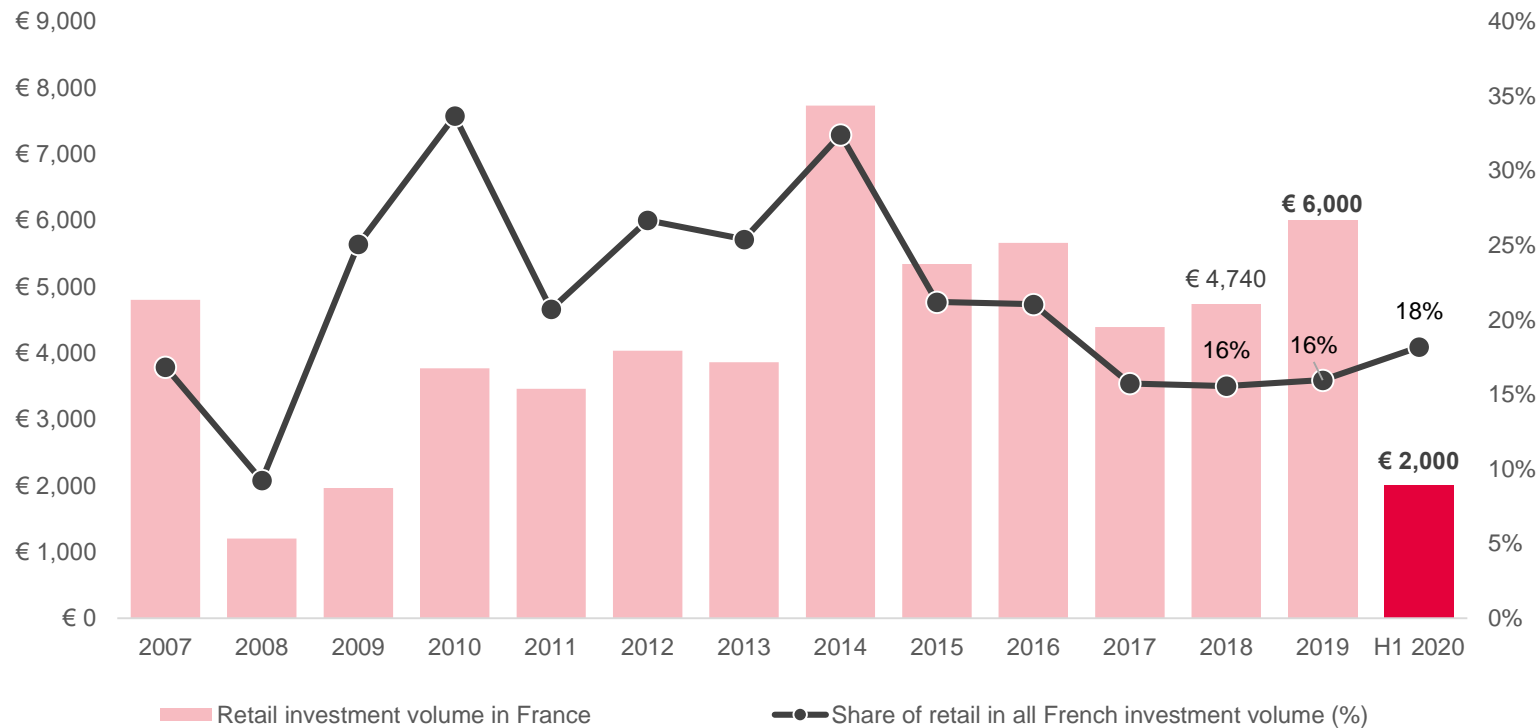
Source : Knight Frank



INVESTMENT VOLUMES

Retail property posted very good results in the first half of 2020, with €2 billion invested, up 35% year-on-year. Such a performance had not been recorded in the first half of the year since 2014, a record year for the retail investment market. However, this result is mainly due to the sale by URW of shares in a portfolio of five shopping centres for more than €1 billion.

RETAIL INVESTMENT VOLUMES IN FRANCE IN MILLIONS OF EUROS

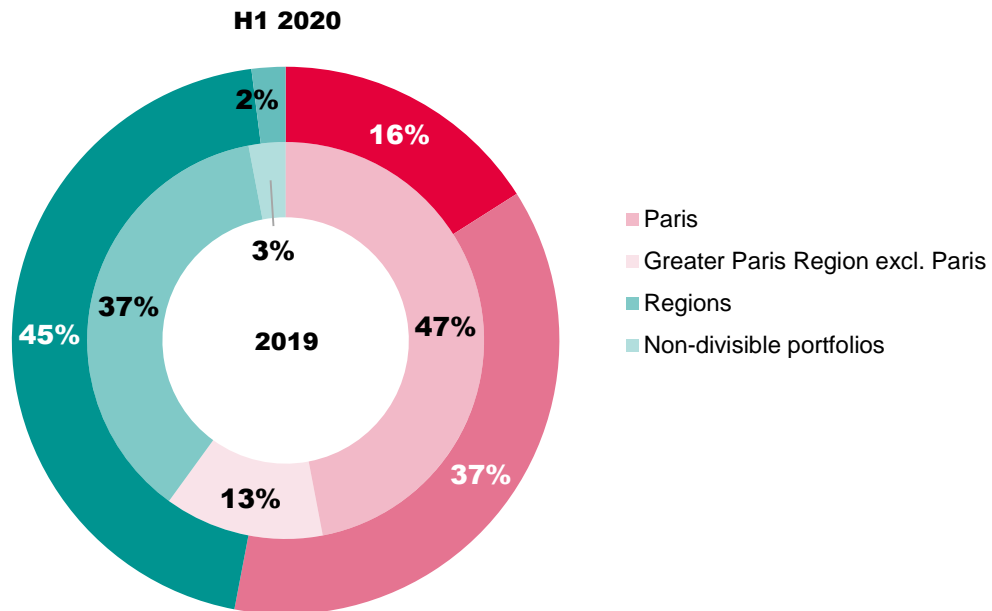


+ 35%
year-on-year

BREAKDOWN BY GEOGRAPHIC SECTOR

The Paris region's share of investment volumes decreased due to the completion of the sale of the URW portfolio, which includes several major assets in the provinces. The situation is similar for Paris, which only accounted for 16% of the volumes invested in the first half of 2020 due to a limited number of sales of ground floor retail units in the capital, even though these had largely driven activity last year.

GEOGRAPHIC BREAKDOWN OF INVESTMENT VOLUMES IN RETAIL IN FRANCE IN MILLIONS OF EUROS



With **16%** of retail investment volumes in France as at H1 2020, Paris' share is **at its lowest level in the first half of a year since 2010.**

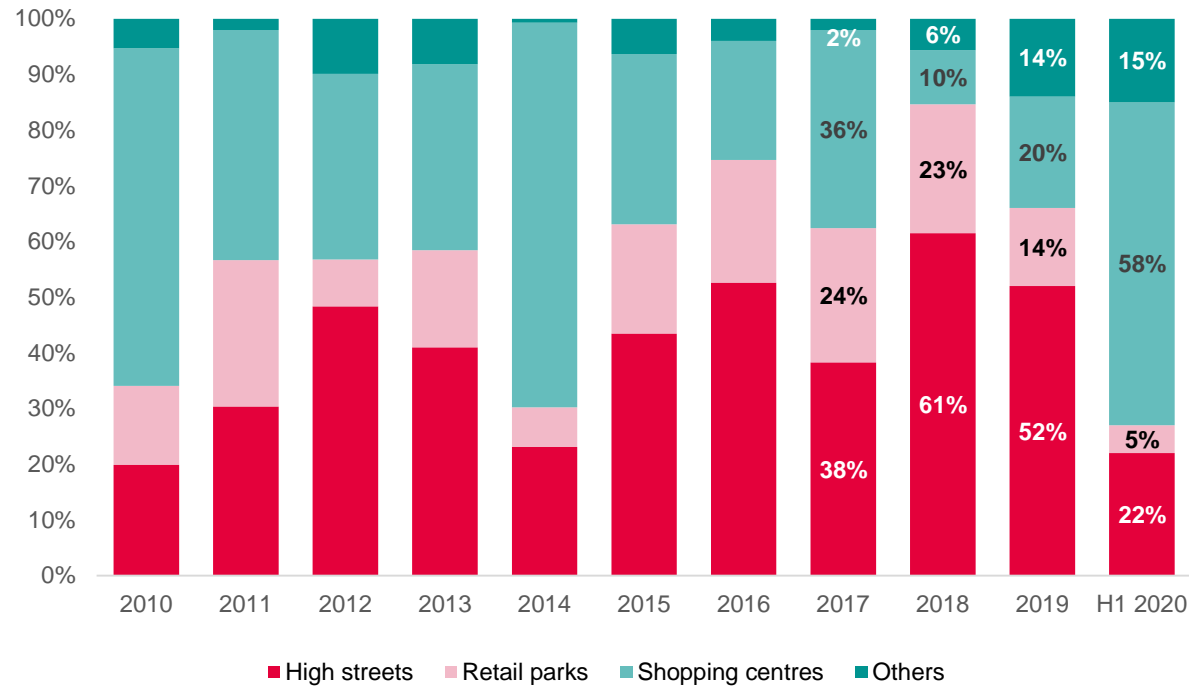


Source: Knight Frank

BREAKDOWN BY FORMAT TYPE

Shopping centres have accounted for the majority of retail investment since the beginning of 2020 (58%) as a result of the sale of the URW portfolio. High streets have only accounted for 22% of the total volume, compared with 37% a year ago. Retail parks are also at a very low level (5%), reflecting the persistent lack of quality supply on the market.

BREAKDOWN OF RETAIL INVESTMENT VOLUMES IN FRANCE BY TYPE OF FORMAT



With **58%** of retail investment volumes in France as at H1 2020, the share of shopping centres is at **its highest level since 2014**.



Source: Knight Frank

EXAMPLES OF LARGE TRANSACTIONS IN 2020



Address / Asset	Type	Town	Seller	Buyer	Price
Portfolio of 5 shopping centres (54.2 %)	SC	Levallois-Perret (92), Roissy-en-France (95), Dijon (21), Rennes (35), Lyon (69)	Unibail Rodamco Westfield	Crédit Agricole Assurances / La Française	> €200M
CIFA	OTH	Aubervilliers (93)	Eurazeo	Mata Capital	> €200M
Portfolio - 4 Monoprix	HS	Paris (75), Montreuil (93), Lyon (69)	Groupe Casino	AEW Ciloger	€100-200M
Printemps de Lille*	HS	Lille (59)	LaSalle Investment Management	Unofi	€100-200M
Matisse Portfolio	SUP/HYP	France	Groupe Casino	Ascencio	€100-200M
56 avenue Montaigne	HS	Paris (75008)	SCI Familiale	International private investor	€100-200M
Portfolio - 19 Buffalo Grills	RP	France	Klépierre	AB Sagax	< €50M
14 rue de Castiglione	HS	Paris (75001)	Fiducial	Arcange / Compagnie Financière de Choiseul	< €50M
116 rue de Rivoli	HS	Paris (75001)	Private investor	Verotrade	< €50M
Portfolio	RP	Provinces	Compagnie de Phalsbourg	Keys Reim	< €50M
SQY Ouest	SC	Montigny-le-Bretonneux (78)	Hammerson	Société des Grands Magasins	< €50M
38 rue Sainte-Croix de la Bretonnerie	HS	Paris (75004)	Private investor	Groupama Gan Reim	< €50M
Parc de la Prairie	RP	Coulommiers (77)	Family Office	Voisin	< €50M
124-126 boulevard Raspail	HS	Paris (75006)	-	Foncière du Shery	< €50M

NB: HS high street, RP retail parks, SC shopping centres, SUP/HYP supermarkets/hypermarkets, OTH other

Source: Knight Frank / *Transaction finalised at the beginning of Q3 2020.

< €50M
 €50-100M
 €100-200M
 > €200M

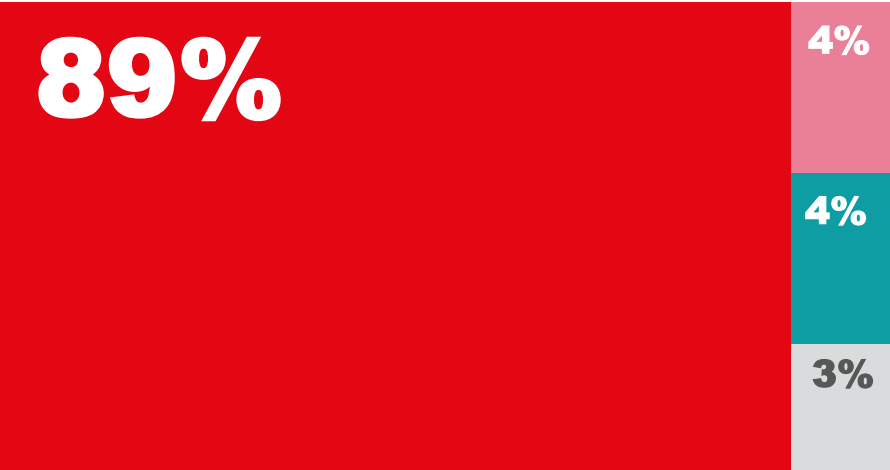


INVESTORS' PROFILE



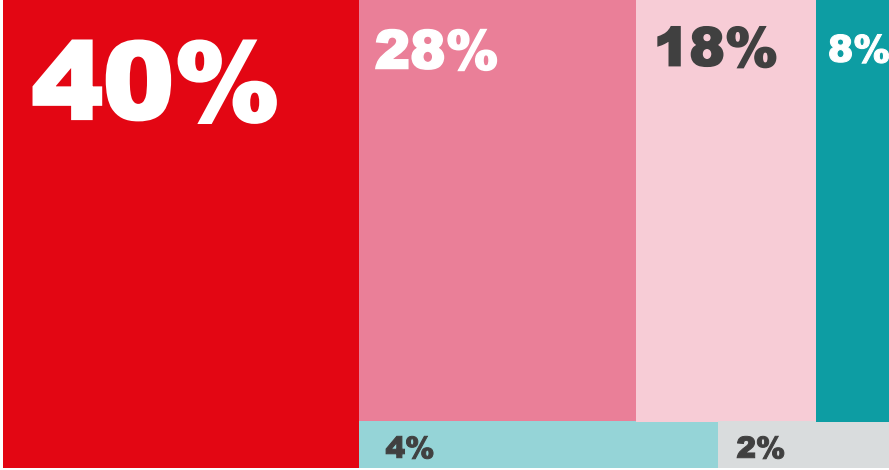
Since the outbreak of the health crisis, the presence of foreign investors has been significantly reduced, from 40% in 2019 to 11% in the first half of 2020. This explains the reduction in the share of funds in favour of SCPI/OPCI and insurers, which stood out in 2020 with the acquisition of part of the shopping centre portfolio sold by URW.

BREAKDOWN OF RETAIL INVESTMENT VOLUMES BY NATIONALITY
IN FRANCE AS AT H1 2020



- France
- € Zone
- Europe outside € zone
- Others

BREAKDOWN OF RETAIL INVESTMENT VOLUMES BY INVESTOR PROFILE
IN FRANCE AS AT H1 2020



- SCPI/OPCI
- Insurers
- Property companies
- Privates / Family Office
- Funds
- Others

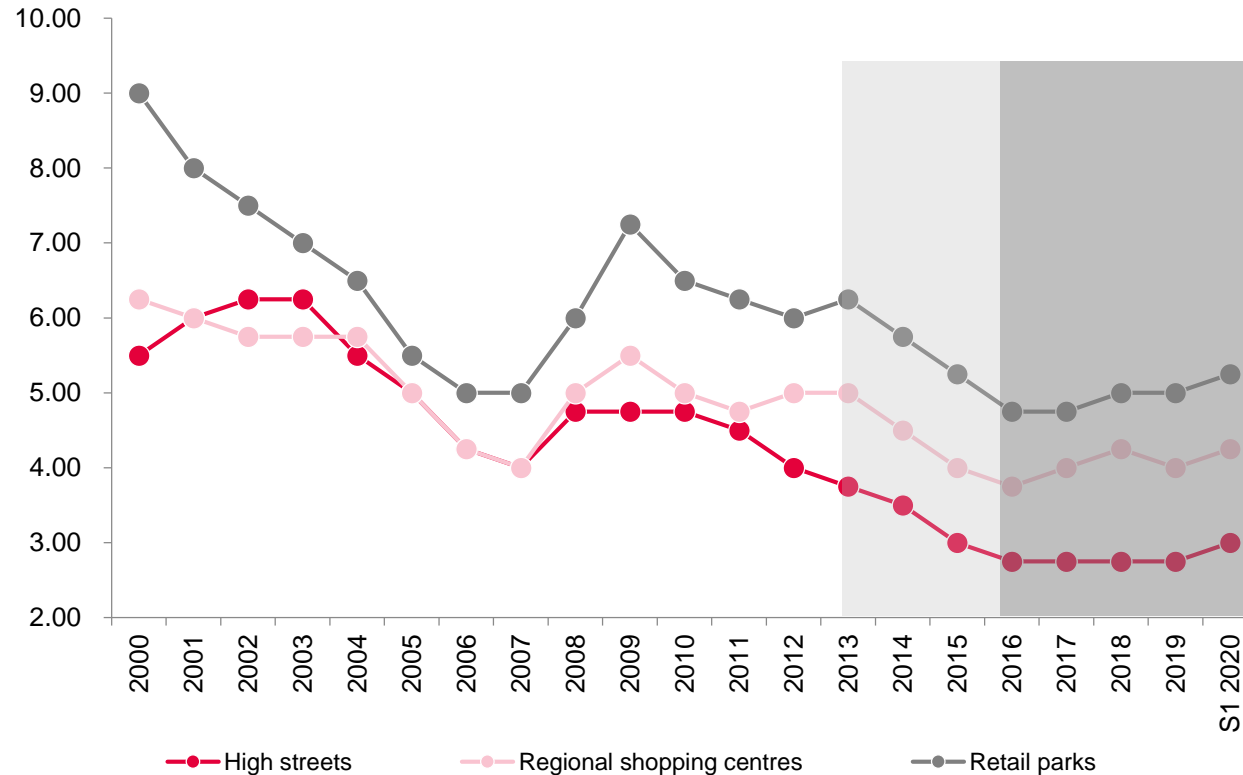
Source : Knight Frank

YIELDS

The health crisis has resulted in upward pressure on prime yields, currently estimated at 25 basis points for all types of assets. Consequently, the yield for the best Parisian streets now stands at 3.00%, a level that has not been seen since 2015.

2009-2020 change

PRIME RETAIL YIELDS
IN FRANCE AS AT H1 2020



RETAIL PARKS

- 28%



SHOPPING CENTRES

- 23%



HIGH STREETS

- 37%



Source: Knight Frank

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