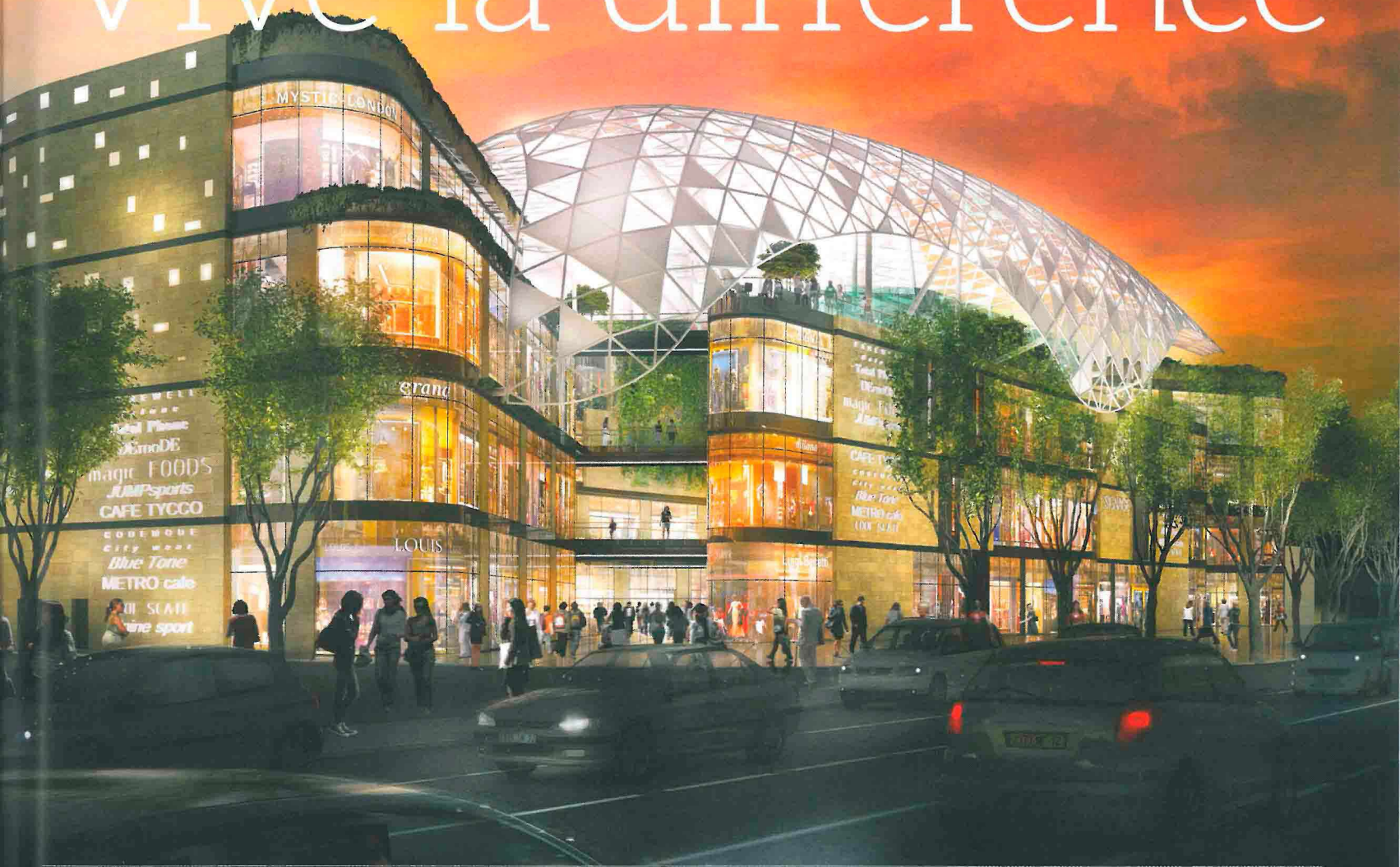


France

Vive la difference



The French retail real estate market has been influenced not only by its biggest players becoming bigger but by widespread adoption of digital technology. Mark Faithfull looks at a reshaping sector.

If the French retail property market was once criticised for being somewhat conservative, the description certainly does not stand up any longer. Not only have its players become some of the largest in the world, following the mega-mergers of Unibail with Rodamco and Klepierre with Corio, plus the reformation of supermarket giant Carrefour's dedicated domestic and international real estate divisions — but the country's retailers and shopping centre developers have become some of the most digitally advanced

globally. From spearheading click & collect, particularly variations on 'drive', to the integration of digital into malls, the French retail market is now a trailblazer and the results are showing great potential. Carrefour reported positive sales growth in France in the first half, up 6.3% excluding petrol, with increases at all store formats. It has been joined by Casino and Auchan in making larger formats a priority. Initiatives are already having an effect at Casino, which cited investments at Geant

as one of the contributory factors to improvement in Q2 results, revitalising its hypermarket business.

Meanwhile, Auchan is trying to move from a store brand to a cross-channel brand. As part of its renewed image in France, it is rebranding hypermarkets, adding '.fr' to the end to reflect its omni-channel credentials.

As channels continue to blur, retailers are also investing in their convenience stores. Casino is rolling out a new Franprix concept; Auchan is expanding the A2Pas banner and is

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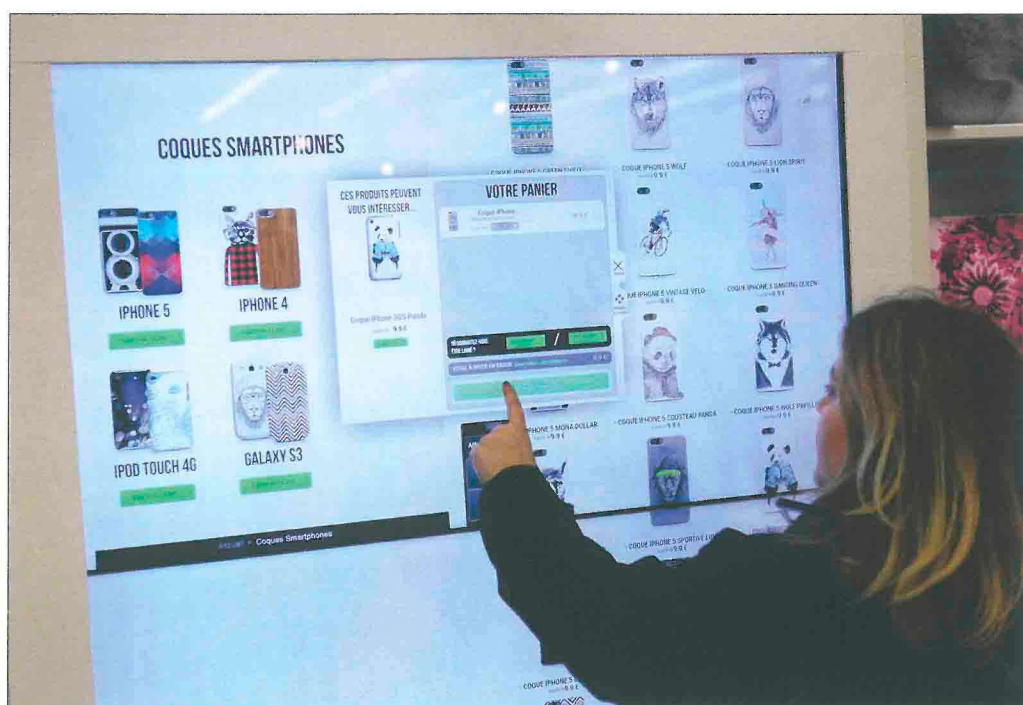
Altarea Cogedim took a 100% stake in the Qwartz centre in Villeneuve-La Garenne

targeting 100 stores by 2016; while Carrefour is working to encourage more frequent repeat visits at its Market fascia.

At the end of August, Carrefour announced the planned acquisition of non-food website Rue du Commerce, to strengthen its position in this area from Altarea Cogedim. This acquisition would allow Carrefour to accelerate its omni-channel strategy in France and strengthen its position in non-food e-commerce by leveraging additional expertise.

For its part, Altarea Cogedim has emphasised the importance of digital/physical innovation, evidenced in its increased stake in Qwartz — the shopping centre in Villeneuve-La Garenne — to 100%, based on a valuation of €400 million, after it previously held a 50% stake in “France’s first connected regional shopping centre”.

Technological initiatives also led to the development of the Digital Factory, a platform created to centralise and operate customer data. Practically, the Digital Factory gathers



Carrefour, benefitting from a digital strategy

France

customer data and information drawn from the Group's many channels and centralises this information in a system dedicated to data processing.

These features are already operational at Quartz, where the movements of nearly 50% of customers are now recorded, processed and analysed. "This brand new CRM approach is to revolutionise shopping centre asset management methods," says Alain Taravella, chairman and founder of Altarea Cogedim. "Altarea Cogedim has confirmed its leadership as a connected retail REIT."

The portfolio now includes 38 shopping centres with an average size of €97m in value and Altarea Cogedim also won the bid to create and operate retail space in the Paris-Austerlitz rail station (approximately 30,000 sq m). The Group is now developing or operating the retail space of four Parisian rail stations, representing total traffic of some 300 million travellers (expected to ultimately reach 450 million travellers). Once in operation, these spaces will account for approximately €55m in gross rental income.

Also on the acquisition trail, Klepierre signed an agreement to acquire 60% of the Massalia

Shopping Mall investment company, set up to develop the Prado shopping centre, a landmark 23,000 sq m. shopping centre located in the heart of Marseille, France's second largest city. Klepierre is buying the project from Doughty Hanson & Co Real Estate, jointly with a privately-owned real estate investment vehicle.

Laurent Morel, chairman of the Klepierre executive board, says of the move: "With the building phase ready to start, the committed presence of Galeries Lafayette as the premium tenant occupying a third of the space and the highest architectural standards, Le Prado already unites all the criteria required for a successful development. It is a great example of Klepierre's development strategy of focusing on projects that combine high short-term visibility with very decent expectations of return."

There was more investment activity when French investment manager Primonial acquired 22 retail properties in France from supermarket group Immochan for €125m — representing about 80,000 sq m of total space spread across 15 municipalities.

Primonial Real Estate Investment Management

says the acquisition encompasses nearly 245 tenants, mostly national chains such as Body Minute, Chaussea, Flunch, Jules, Kiabi, La Halle, Marionnaud and Nocibe. The transaction was conducted on behalf of a vehicle managed by Primonial REIM and for Immochan, was an extension of its strategy of selected sales and developments comprising about 20 projects in France and Europe with an investment of some €500m over three years.

Developer Apsys is also to deliver the 52,000 sq m Steel, located at the entrance to Saint-Etienne, designed by Sud Architectes and Atelier Rivat, complete with "spectacular roofing and facades dressed with oven metal strands imagined by the designer Joran Briand", says the company.

The merchandising mix will focus on home and sport equipment among 60 shops and restaurants with creative concepts. This venue will also offer 5,000 sq m of indoor activities, an innovative entertainment offer and 37,000 sq m of landscaped areas, plus an ecological water pond. Outdoor areas will be convertible, so that the people can use them as playgrounds. The rapid change in French retail also inspired Mercialis to launch what it describes

Apsys is developing Steel at the entrance to Saint-Etienne



DO NOT MISS

FRANCE EVENTS:

Breakfast Nice Métropole –

"Nice / French Riviera: How innovation & tourism can boost your business ?" Special guest : M.Christian Estrosi, Mayor, City of Nice
Wednesday, November 18, 9.00
Palais des Festivals / Verrière Grand Auditorium

Official French territories lunch - How to recover retail in French city centres?

Sponsored by Elgam Conseil
Wednesday, November 18, 11.30
Palais des Festivals / Verrière Grand Auditorium

Official France conference : What is the French touch?

Special Guest : Guillaume Gibaut – CEO – Le Slip Français
Wednesday, November 18, 14.30
Champs-Élysées room

France



Mercialys has launched a universal brand for its shopping centres in France, G La Galerie

as the first universal shopping centre brand for all of its shopping centres in France — G La Galerie. This identity has been designed to highlight the strengths of the group's partner retailers and make its shopping centres clearer and more visible to consumers.

Mercialys says that it is evolving with customer needs "in order to stand out in a highly competitive landscape, to be able to

speak loudly and clearly to its customers and come up with a targeted and unique response to their demands by rolling out an effective and pragmatic policy of services". Similarly, Louis Delhaize-owned supermarket group Cora is investing in new concepts and a new logo as it looks to consolidate its main bases in northern France and Belgium. Cora and Carrefour also joined

together as a buying group earlier this year. With so much change and innovation, it is also worth keeping in mind the strong reputation and importance of French towns within the retail mix and to support this Elgam Conseil and MAPIC are organising a conference in Cannes dedicated to the country's town planning and retail development.