PRIMONIAL REIM

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REAL ESTATE CONVICTIONS EUROPE

The fund manager's view of european real estate markets in Europe

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FIGURES

EUROZONE GROWTH FORECAST 2020

-2.2 %

EUROZONE INFLATION FORECAST 2020

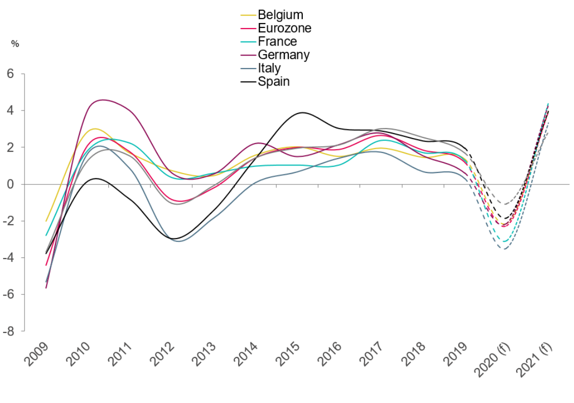
0.5 %

YIELD ON 10 YEAR GOVERNMENT BONDS IN THE EUROZONE

€ 0.4 %

Source: Oxford Economics

ECONOMIC ENVIRONMENT: GDP IN EUROPE



Sources: Primonial REIM Research & Strategy based on Oxford Economics

ECONOMIC ENVIRONMENT

While trade tensions seemed to ease between the United States and China, it is a virus, COVID-19, that has destabilised the entire global economy for 2020. With the number of infected people steadily rising and quarantine measures for 3.9 billion people, this foreshadows the scale of the crisis that many countries will have to face. For Thierry Breton, European Commissioner for the Internal Market, «this crisis is accelerating changes in the world, in our way of living and producing, in the age of the digitisation of society». While this crisis does not prefigure the end of globalisation, according to the Commissioner, it will force us to rethink global value chains and the relocation of certain critical industries, particularly in the field of healthcare.

The coronavirus pandemic comes at a time when signs of a slowdown in economic growth had been appearing since the end of 2019. The health crisis will therefore inflict a deep recession on the global economy in the first half of 2020. According to the forecasting institute Oxford Economics, this situation is expected to result in a 0% GDP growth for the year as a whole at a global level. As for the eurozone, it is heading for a sharp recession, pushing GDP growth forecasts for 2020 to -2.2% (compared with +1.0% at the end of 2019), before a strong rebound to 3.9% in 2021. This «V» scenario assumes that most of the impact will be concentrated in the first half of the year, before a gradual resumption of expansion, the lifting of lockdown measures and the implementation of monetary and fiscal stimulus tools. How the epidemic plays out will be decisive in determining the ultimate economic damage, and post-crisis management will be decisive in ensuring a proper recovery. In 2020, all the main eurozone countries will be heavily impacted: the Netherlands -1.1%, Spain -1.9%, Germany -2.1%, France -3.1% and Italy -3.5%.

As anxiety and uncertainty gripped the stock markets, the G20 governments committed to a «common front» against the coronavirus pandemic. They are reportedly ready to inject $5 trillion into the global economy. On the other hand, the US and European central banks announced that they were ready to intervene «without limit» to ensure the proper functioning of capital markets and the banking sector. Accordingly, governments should be able to continue to borrow at an interest rate close to zero or at a negative interest rate in 2020, i.e. a level similar to 2019. This policy of low borrowing rates will support the real estate risk premium.

With nearly €300 billion of investment in 2019 (+4% year-on-year), including €197 billion for the eurozone alone (+7%), the European commercial real estate market* once again attracted capital in 2019. Germany (€69.4 billion in 2019, stable year-on-year) and France (€41.6 billion in 2019, +9%) were able to attract capital, while the United Kingdom crystallised a certain amount of caution among investors due to Brexit (€54.6 billion in 2019, -16%). **In the first quarter of 2020, the first figures for the European commercial real estate market show a volume of around €46 billion in Europe, down 15% year-on-year, but in line with the average over the last 10 years. Overall, prime office yields continued to experience compression for the most core assets and remained stable for core retail premises at street level. However, with a decrease in investment volumes in 2020 and the return of «risk aversion» strategies, a new hierarchy of yields is to be expected**.

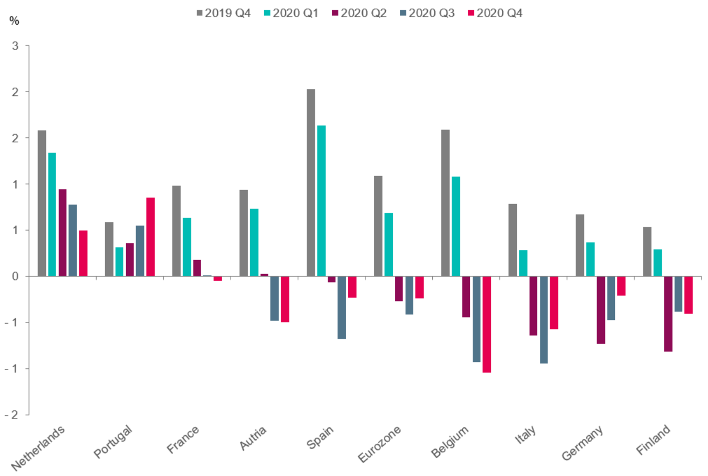
Sources for figures: CBRE, RCA, Oxford Economics
* Commercial real estate refers to office, retail, logistics, service and residential real estate for institutional investors.

OFFICES

INVESTMENT IN OFFICE REAL ESTATE IN EUROPE - 2019	€130bn
TREND IN PRIME OFFICE YIELDS IN EUROPE - 2019	↘
TREND IN OFFICE TAKE-UP IN EUROPE - 2019	↘
TREND IN VACANCIES IN EUROPE - 2019	↘
TREND IN RENTS IN EUROPE - 2019	↗

Increased investment volume in Europe, with the UK market penalised at the end of 2019. The investment volume in office real estate in Europe was €130 billion in 2019 (+8% year-on-year). With only €22 billion in 2019 (-21% year-on-year), the office market in the United Kingdom was strongly impacted by the Brexit context and thus recorded its lowest investment volume since 2013. Investors focused on the two major markets of the eurozone: France with €26 billion in commitments (+22% year-on-year) and Germany with €31 billion (+9%). The Netherlands also succeeded in attracting capital with a volume of nearly €7 billion. **In the first quarter of 2020, provisional data show an investment volume of around €21.0 billion in Europe, down 13% year-on-year**.

PROJECTIONS OF JOB CREATION DYNAMICS IN THE MAIN EUROZONE COUNTRIES (Q/Q-1)



Sources: Primonial REIM Research & Strategy based on Oxford Economics

Further compression, with prime office yields at a historically low point. Prime yields have been further compressed in the majority of the 60 European markets we monitor. Berlin, Frankfurt, Munich and Zurich were the most expensive markets in Europe with yields equal to or below 2.7% at the end of 2019, with compression of between 20 and 40 bp year-on-year. Paris CBD also experienced further compression and positioned itself at 2.9%. Cities such as Dublin, Lisbon or regional cities in countries such as France, Germany and the Netherlands offered a prime yield equal to or above 4%. **In the first quarter of 2020, prime yields experienced a new wave of compression compared to the end of 2019**.

European office take-up showed signs of feverishness at the end of 2019, while economic uncertainties hovered over 2020. The European office markets totalled a take-up volume of nearly 12.7 million sqm, down 3% year-on-year. Central Paris remains Europe's largest market with transactions on more than 2 million sqm in 2019, while the London market is in second place with more than 1 million sqm. In comparison, the four main German cities added up to just over 2.9 million sqm. Cities such as Brussels, Madrid, Barcelona and Milan recorded strong rental growth. **The unemployment rate and the creation of office jobs will have a significant impact on the take-up volume in 2020**.

Vacancy rates have been reduced in Europe and have created a historically low point in central business districts. The average European vacancy rate stood at 5.8% in 2019, a drop of 40 bp year-on-year. Berlin and Munich have the lowest vacancy rates in the market, with less than 3% of supply available at the end of 2019. There are major plans for new supply in Europe in the coming years, which should boost vacancy rates, which have been accelerated by the current health crisis.

The compression of vacancy rates has led to a further increase in rents in a majority of European markets. Strong increases have been seen in Hamburg, Lisbon, Madrid and Amsterdam. Paris CBD (€880/sqm), Dublin (€700/sqm) and Luxembourg (€600/sqm) are the eurozone cities with the highest rents.

Sources for figures: CBRE, BNP PRE, RCA

RETAIL

INVESTMENT IN RETAIL REAL ESTATE IN EUROPE - 2019	€40bn
TREND IN PRIME HIGH-STREET YIELDS IN EUROPE - 2019	↘ (50% of markets) ↗ (50% of markets)
TREND IN PRIME SHOPPING CENTRE YIELDS IN EUROPE - 2019	↗
TREND IN THE PENETRATION RATE OF E-COMMERCE IN THE EUROZONE - 2020	↗
TREND IN RETAIL TURNOVER IN THE EUROZONE - 2020	↘

Investor caution was confirmed in 2019 due to the continued restructuring of the sector. The volume of investment in retail real estate in Europe was €40 billion in 2019, down 18% year-on-year. Spain (-68% year-on-year), Belgium (-63%) and the United Kingdom (-24%) made a strong contribution to this deceleration, with France (+23%) posting an increase, while Germany achieved the same investment volume as in the previous year. **In the first quarter of 2020, provisional data show an investment volume of around €7.0 billion in Europe, down 4% year-on-year**.

Vacancy rates continued to rise, decompression appeared in several markets and on different types of assets, and the stability of prime yields held up for the best locations. Yields on street level assets faced headwinds in Europe. Compression of between -10 and -50 bp between the end of 2018 and the end of 2019 or stabilisation of prime yields was observed on half of the European markets. The other half recorded decompression of between 10 and 65 bp. Like for shopping centres, the trend is for yields to rise across all European markets. Decompression of prime yields in shopping centres was between 10 and 50 bp between the end of 2018 and the end of 2019. **In the first quarter of 2020, prime retail yields were mostly stable for high street with decompression for shopping centres**.

PROJECTIONS OF HOUSEHOLD SPENDING DYNAMICS IN THE MAIN EUROZONE COUNTRIES (Q/Q-1)

Sources: Primonial REIM Research & Strategy based on Oxford Economics

Private consumption was sluggish in 2019 but a contraction is expected in 2020. Despite a slowdown linked to political and economic uncertainties, forecasts for European consumers have been on the rise in the eurozone in 2019 (+1.2%). For 2020, from the first quarter onwards, projections will be negative for the eurozone as a whole. This situation will inevitably have repercussions on the turnover of chains in value terms (-1.5% in 2020). For the time being, the countries most affected by the drop in consumption are Italy, Germany, Spain and France. On the other hand, the penetration rate of e-commerce as a proportion of total retail sales will increase sharply due to the lockdown.

Adjustments have been made to the rental values of high street and in shopping centres. Various European cities have experienced corrections of their rental values of high street of between -1% and -16% year-on-year. The largest decreases were recorded in Sweden, Germany, Belgium, Luxembourg, the Netherlands, Ireland and the United Kingdom. A similar dynamic was observed for rental values in shopping centres.

Sources for figures: Oxford Economics, CBRE, RCA

RESIDENTIAL

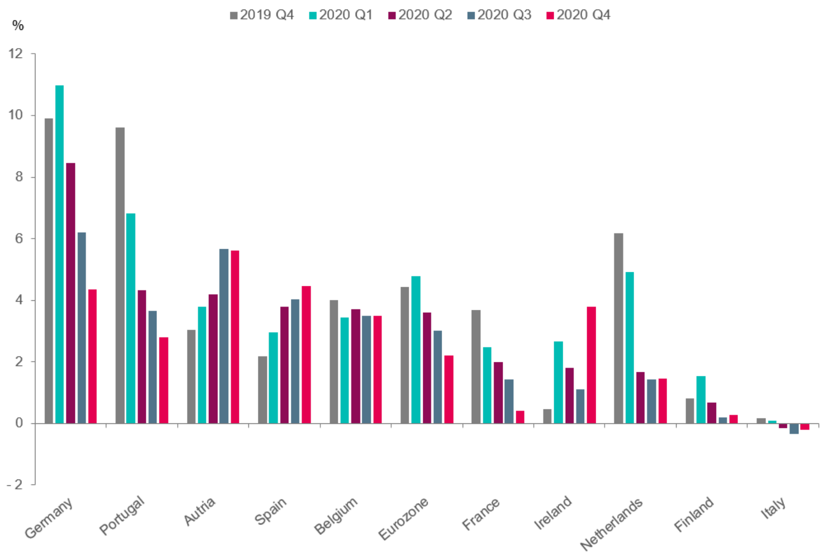
INVESTMENT IN RESIDENTIAL REAL ESTATE IN EUROPE - 2019	€56bn
TREND IN PRIME YIELDS IN EUROPE - 2019	↘
TREND IN PRICE INCREASES IN EUROPE - 2019	↗

For the second year in a row, the European residential «institutional» market confirmed its attractiveness for investors. It totalled a volume of €56 billion in 2019, up 3% year-on-year. In the eurozone, the most active markets were Germany (€15.8 billion), the Netherlands (€7.7 billion), Spain (€5.5 billion) and France (€2.5 billion). It is interesting to note that residential real estate again exceeded commercial real estate in 2019. **In the first quarter of 2020, provisional data show an investment volume of around €7.0 billion in Europe, down 28% year-on-year**.

The compression of prime yields continued in 2019 in the eurozone. Residential yields compared to 10-year sovereign rates will benefit from a still attractive risk premium in the fourth quarter of 2019. In the eurozone, Paris, Vienna, Munich and Berlin have the lowest prime yields, between 2.0% and 3.5%. A majority of cities have seen a trend towards compression of prime yields. However, the political and economic risks of some European cities have largely contributed to a stagnation of their rates (London and Barcelona, for example). **In the first quarter of 2020, residential prime yields remained stable in the main European cities**.

Housing is not like other real estate assets. Demographic pressure is forcing public authorities to adopt new solutions to facilitate access to housing in tense areas, all the more so with the looming economic recession. Regular measures or reflections to ensure better liquidity of residential property in different countries will be a determining factor in the recovery. So, in France, the bill proposed by member of Parliament Jean-Luc Lagleize and presented at the end of 2019 aims to fundamentally change the paradigm of real estate property rights. In order to limit the increase in the price per sqm, the report recommends separating land from buildings in order to limit acquisition cost for individuals. Purchasers would then buy only the building and pay a rent via a lease from the landowner. On the other hand, in order to limit soaring rents, some local authorities have passed laws to cap rents (e.g. Germany).

PROJECTIONS OF THE EVOLUTION OF HOUSE PRICES IN THE MAIN EUROZONE COUNTRIES (Q/Q-1)



Sources: Primonial REIM Research & Strategy based on Oxford Economics

Demographic pressure, lack of supply and low interest rates have again contributed to the rise in residential property prices in the eurozone in 2019. Despite political uncertainties and the economic slowdown, residential property prices in the eurozone continued to rise in the fourth quarter of 2019 (+4.4% q/q-1). In addition to very attractive interest rates, strong demographic pressure in tense areas and the lack of supply explain this upward trend. Germany (+9.9% q/q-1), Portugal (+9.6%), the Netherlands (+6.2%), Belgium (+4.0%), France (+3.7%), Austria (+3.0%), Spain (+2.2%), Ireland (+0.9%) and Finland (+0.8%) recorded a further increase in their national residential price indices in the fourth quarter of 2019. Italy finally came out of its negative trajectory in the last quarter of 2019 (+0.2%). **In the first quarter of 2020, the residential price index in the eurozone recorded a year-on-year increase of +4.8% (q/q-1)**.

Sources for figures: National statistics, RCA, Oxford Economics

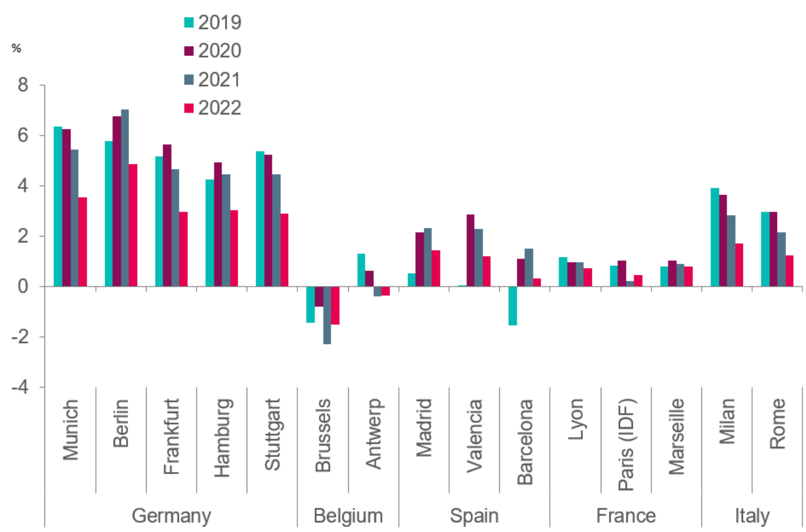
HEALTHCARE

INVESTMENT IN HEALTHCARE REAL ESTATE IN EUROPE - 2019	7,3 Mds €
TREND IN PRIME YIELDS IN EUROPE - 2019	↘
BEDS NEEDED BY 2025/2030 IN EUROPE	↗

In order to best respond to the need to protect dependent elderly people in the midst of a healthcare crisis, the health sector has geared up to protect its patients and medical staff. It is health safety that will be the priority in 2020. Crisis cells were set up in the main health groups in order to activate a system of monitoring, prevention and health control at a European level at the very beginning of the COVID-19 epidemic. Health protocols with restrictive measures were adopted to prevent infection of patients and medical staff. It is also important to bear in mind that the current emergency should not cause us to overlook the other looming issue. Projections still point to a significant increase in the number of people over 80 years of age in the years ahead. According to professionals, there will be a shortfall of around 450,000 beds by 2025/2030 in the main eurozone countries and a significant proportion of the stock will need to be modernised.

As for European healthcare real estate, it confirmed its prominence with investors in 2019. Investment volume (senior residences and nursing homes) was €7.3 billion in Europe in 2019 (+20% year-on-year). In the eurozone, the German market performed very well with nearly €1.4 billion in transactions, followed by France with €600 million, the Benelux countries for nearly €1 billion and the southern European countries for around €600 million for the whole of 2019. The deepest markets are France and Germany with sale & leaseback strategies or portfolio buybacks by investors. Southern and Eastern Europe are less mature and more fractured markets. **In the first quarter of 2020, the first figures show a stable investment volume year-on-year, with transactions worth €1.8 billion in Europe**.

PROJECTIONS OF EVOLUTION IN THE NUMBER OF PEOPLE OVER 80 IN THE MAIN CITIES (REGIONS) OF THE MAJOR EUROZONE COUNTRIES (IN %) (N/N-1)



Sources: Primonial REIM Research & Strategy based on Oxford Economics

Further compression of prime yields in the eurozone in 2019. Yields have been under pressure for several years and will be further compressed in 2019. The prime yield for senior care residences is now equal to or below 4.5% for nursing homes in France, Germany and Belgium. Nursing homes considered as prime in Italy, generally close to or in urban centres, have yields between 5.75% and 6.00%. Spain has generally similar but slightly lower yields than Italy, between 5.00% and 5.50% at the end of 2019. **In the first quarter of 2020, health prime yields remained stable in the main European markets**.

The pan-European consolidation of the healthcare sector has continued, as the health crisis demonstrates the importance of building strong and responsive pan-European healthcare operators. Korian has announced the acquisition of a majority stake in the capital of Move In Med, an e-health start-up. In addition, Orpéa and Korian have made several acquisitions in the Netherlands due to the strong growth in demand that is expected, with between 200 and 700 new establishments to be built over the next few years. In the clinical sector, in early March, the CVC fund announced that it was considering a potential sale of Elsan. The number two in private health care in France is valued at between €3.5 and €4.0 billion.

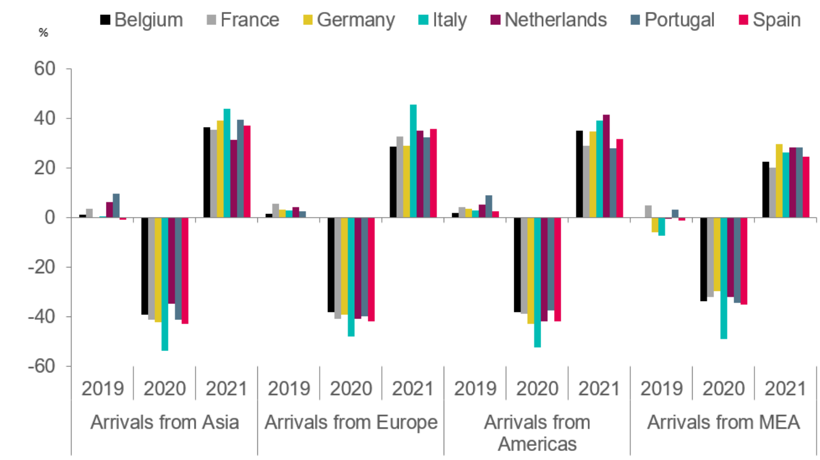
Sources for figures: RCA, Operators, Primonial REIM

HOTELS

ROOM OCCUPANCY RATE IN EUROPE - 2019	71.9%
REVPAR IN EUROPE - 2019	€85,1
NUMBER OF ROOMS SOLD OR RENTED IN EUROPE - 2019	815 000 000
PRIME YIELDS ON HOTEL ACCOMMODATION IN MAJOR EUROPEAN CITIES - 2019	3.5% - 5.5%
OUTLOOK FOR TOURIST ARRIVALS IN EUROPE - 2020	↘

Hotel real estate attracted capital in 2019, however, the tourism sector is in turbulent times with the emergence of COVID-19 in early 2020, the subsequent border closures, and lockdown measures that have affected more than 3.9 billion people. Since 2016, the market has seen steady growth, enabling it to total more than €23 billion in hotel real estate in 2019 (+5% compared to 2018). This good performance makes 2019 the second-best year of the decade after 2015, when more than €27 billion was invested. In terms of tourist bed nights, capital was concentrated in the United Kingdom (€5.6 billion), Germany (€4.4 billion), France & Benelux (€3.9 billion) and Italy & Spain (€3.9 billion). **In the first quarter of 2020, investment volume is €4.0 billion in Europe, down 26% year-on-year.**

PROJECTED YEAR-ON-YEAR CHANGE IN TOURIST ARRIVALS BY GEOGRAPHICAL AREA FOR THE MAIN EUROZONE COUNTRIES (%) (N/N-1)



Sources: Primonial REIM Research & Strategy from Oxford Economics

Compression of prime hotel yields continued in the eurozone in 2019. Prime yields in Berlin, Munich, Helsinki, Stockholm, Vienna, Amsterdam and Paris are between 3.5% and 4.5%. Cities such as Milan, Rome, Barcelona, Madrid, Brussels, Lisbon and Warsaw are positioned between 4.5% and 5.5%. In the first quarter of 2020. **In a very large majority of European markets, prime hotel yields remained stable**.

The number of hotel rooms sold or rented in Europe in 2019 was approximately 815 million (+1.5% year-on-year). The number of rooms sold or rented was dominated by mid-range hotels with 40% of the volume, with Economy segment accounting for 25% of establishments, Upscale hotels representing 32% and the Luxury segment 3%. In 2019, more than 1.4 billion tourists were recorded worldwide (+4% year-on-year). As far as Europe is concerned, the continent welcomed half of the world's flows, with more than 740 million arrivals in 2019 (+3.9% year-on-year). The travel and tourism sector accounts for 3.5% of Europe's GDP. Direct tourism receipts (all activities) totalled $2,763 billion worldwide in 2019, including $796 billion in Europe (-1.4% year-on-year). **Initial estimates show a drop in tourist flows of between -35% and -50% depending on the country in Europe for the whole of 2020 before a strong rebound in 2021**.

Driven by globalisation, urbanisation and digitisation, the hotel market has enjoyed prolonged economic growth in recent years. Recently, some operators have made a major shift in terms of marketing to meet the new expectations of their customers (FoMO*, intsagrammability, woke**). In terms of hotel indicators, the hotel occupancy rate in Europe was 71.9% in 2019 (+31 bp year-on-year year), the average price was €118 (+2% year-on-year year) and RevPAR (accommodation turnover) rose by 2.5% year-on-year year to €85.1. **Since the end of March 2020 and the lockdown measures, the first data (year-on-year week and one month) show that the occupancy rate has fallen drastically on all European markets between -60% and -90% dragging RevPAR down with it in fairly similar proportions**.

* FoMO for Fear Of Missing Out is the fear of missing important news or an event that provides an opportunity for social interaction.
** Woke refers to strong social and political consciousness.

Sources for figures: CBRE, RCA, STR, Oxford Economics

REAL ESTATE OUTLOOK

OUTLOOK FOR THE MAIN MARKETS IN THE EUROZONE	RENT	PRIME YIELDS
OFFICES	↘ (50% of markets) → (50% des markets)	↗ (50% of markets) → (50% of markets)
RETAIL	↘	↗
RESIDENTIAL	→	→
HEALTH	-	→
HOTELS	-	↗

The following outlook is based on the latest economic forecasts by Oxford Economics. In the current context, there are many scenarios for emerging from the crisis and they also depend on plain health considerations (evolution of the pandemic). For the time being, the base case assumes a «V» shaped economic recession, even if further revisions of forecasts are to be expected in the coming weeks (a «U» shaped scenario is also taken into account). This scenario shows how the sharp decline in the first half of 2020 and a strong recovery in economic activity between the second half of 2020 and 2021 can affect rents and prime yields. This scenario is based on predictive models and will need to be driven by gradual market recoveries in order to determine the real impact of the current health crisis on European property markets.

As we have just seen, not all asset classes have experienced the same dynamics. Certain trends observed in late 2019 and early 2020 are likely to become more pronounced as a result of the health crisis. Several lessons already seem to be emerging. We are currently going through a period of very high economic uncertainty. Even though governments and central banks have implemented massive economic support policies to minimise business failures and promote recovery, there will be many «pre-crisis» and «post-crisis» user profiles. On the other hand, it now seems clear that investment and user market volumes will be lower in 2020 than in 2019. The convergence of real estate yields is likely to be shaken up in favour of a new hierarchy of yields among types of real estate with the return of «risk averse» strategies. The notion of price discovery in the investment and user markets will be central to assessing the true extent of the disruption.

OFFICES

The office markets in Europe are generally benefiting from fairly good fundamentals to cope with the current crisis. The low vacancy rates observed in a majority of European markets are a strong point. However, economic uncertainties, bankruptcies and the risk of job losses are acting as a brake on the level of office take-up, which is expected to be low. Controlling future supply will be a key to avoid creating an imbalance (oversupply). In this situation, we believe that of the 60 European markets we monitor, half should see a decline in rental values in 2020. Due to the trends seen in the first quarter of 2020, investment volume is also expected to slow down over the year as a whole. Core assets/markets with strong tenants and long leases are expected to have the smallest impact on valuation, while less secure assets may experience corrections (secondary locations, significant vacancies). For the year as a whole, a new hierarchy of yields is to be anticipated based on the fundamentals of each market in Europe.

RETAIL

In order to limit the spread of the COVID-19 epidemic, restrictive measures (closure of certain shops and containment measures) will have a strong impact on consumption throughout the eurozone at least in the second quarter and third quarter of 2020. Shops that are heavily dependent on tourism activity are expected to be particularly affected. Conversely, food shops are expected to be the least affected. Defaults have already occurred in the most vulnerable retail shops and chains. The postponement of rents is to be envisaged for many shops during the lockdown. On the other hand, as rental income is in many cases correlated with store sales, the decline in yields on the most fragile assets looks set to continue. As regards investment in retail real estate, volumes are expected to be low in 2020. In the 40 markets observed in Europe, a correction in prime yields for a majority of high street assets and almost all shopping centres can be expected in 2020.

RESIDENTIAL

The question of a one-time correction in residential values may arise, but market fundamentals argue for values being maintained. In 2020, maintaining liquidity on the markets and government financial support to facilitate economic recovery will be essential in determining the potential impact on housing prices. For the time being, we believe that residential price growth in European cities should be maintained (+2.4% in 2020 in the eurozone) due to a lower correlation to the economic cycle than other assets. In the event of a correction, we believe that the impact will be limited in time due to demographic pressure (accentuated by the temporary halt in new supply) and measures to ensure market liquidity. However, in the event of a prolonged recessive economic environment, an increase in the unemployment rate could impact future rental growth. Investment volumes will be lower than last year, but prime yields in major European cities are expected to remain stable.

REAL ESTATE OUTLOOK

HEALTHCARE

The COVID-19 crisis is putting healthcare systems in Europe under severe strain. With the introduction of lockdown measures, European governments have given very clear priority to health, which will also be an issue in the years ahead. However, some limitations to health care provision have emerged and will need to be addressed in the future. This will require very significant investment by the public and private sectors, especially as demographic pressure - irrespective of viral threats - will remain strong over the coming years. For the time being, even though investment volumes are expected to decline in European markets in 2020, we believe that prime yields should behave in a similar way to what will be observed in the residential sector.

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HOTELS

The tourism sector will be strongly impacted by the current health crisis. Initial trends in the hotel sector point to a strong impact of the health crisis. The new forecasts are are being revised sharply downwards in 2020 before a rebound in 2021 for occupancy rates (-27% then +33%), the average price (-14% then +6%) and RevPAR (-37% then +41%) in Europe. As regards hotel prime yields, we anticipate a more or less strong decompression due to the low investment volume, the type of contract, the solidity of the operator and the dynamics of the crisis exit (gradual opening of borders). Due to their functional needs, the Business and medium segments, which are still operating at a slower pace, are expected to recover more quickly from the crisis than the Upper/Luxury segments, which are currently at a standstill in Europe.

Sources for figures: CBRE, STR, Oxford Economics, Primonial REIM Research & Strategy

DEFINITIONS

10-year government bonds: debt securities issued by a state for a period of ten years, generally acknowledged to be a risk-free investment.

Investment volume in corporate real estate: total volume of premises acquired in the offices, retail, business premises and warehouses segments by an investor.

Take-up of offices: all leases or sales to the occupant (as opposed to sales to investors) for premises to be used as offices. It is expressed as square meters of usable space.

Sale Before Completion: sale before completion is the contractual method for selling a building before it is built. The investor becomes the owner as it is built.

Free leases: favourable measures granted to tenants (rent cuts, renovation work, etc.).

Yield: ratio between the gross or net revenues from the building and the capital committed by the buyer (acquisition price + fees and transfer taxes).

Store premises: traditional ground-floor retail premises located in town-center high streets.

Shopping center: a building containing at least 20 retail outlets housed in indoor centers around a large food store that drives customer traffic.

Retail park: an outdoor shopping center built and managed as a single unit. It comprises at least five buildings linked by lanes and located on city peripheries.

Care homes: a health facility that houses dependent elderly people.

Medical, surgery and obstetric clinics: medical facilities for short-term care, with or without lodging, or for severe conditions during their acute phase.

RevPAR: abbreviation for Revenue Per Available Room. It corresponds to the turnover on accommodation of an establishment divided by the total number of rooms RevPAR also corresponds to Occupancy Rate multiplied by ADR

ADR: abbreviation for Average Daily Rate. It is calculated (excluding breakfast) by dividing total revenue by the number of occupied rooms.

Hotel Occupancy Rate (OR): ratio of the number of occupied rooms to the total number of rooms in a hotel.

Primonial Real Estate Investment Management (Primonial REIM) is a portfolio management company approved by the French financial markets authority (AMF) on 16 December, 2011. It received AIFM accreditation on 10 June, 2014. Its business consists in creating, structuring and managing long-term real estate investments by individual and institutional investors.

Primonial REIM has a comprehensive range of expertise:

- **multi-products: SCPI, OPCI, SCI;**
- **multi-sectors: offices, retail, residential, hotels, healthcare and education property;**
- **multi-national: France, Germany, Spain, Italy, Belgium, Ireland and Netherlands**

At 31 December 2019, Primonial REIM had:

- **+€ 21bn of assets under management;**
- **67,841 associates;**
- **46 independent real estate advisors;**
- **a portfolio of 4,251,623 m² and 7,000 tenants, including a high share of large corporate tenants (Samsung, Korian, Crédit Agricole, SNCF, etc.).**

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The Research & Strategy Department's role is to formalize Primonial REIM's real estate investment strategies, based on continuous monitoring of the French and European markets. Although collective real estate accounts for a growing share of institutional portfolios and household savings, it is at the crossroads of financial (hierarchy of rates), economic (tenants' business models), demographic (the metropolisation phenomenon) and societal (changes in usage) factors. This is why a cross-cutting analysis is needed, which is also long term and therefore in keeping with the horizon of most real estate investors.

Real Estate Convictions offers Primonial REIM's quarterly view of its markets of choice, i.e. offices, retail outlets and healthcare and residential real estate, in France (two publications a year) and Europe (European Real Estate Convictions, two publications a year).

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