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

-7.3%

EUROZONE INFLATION FORECAST 2020

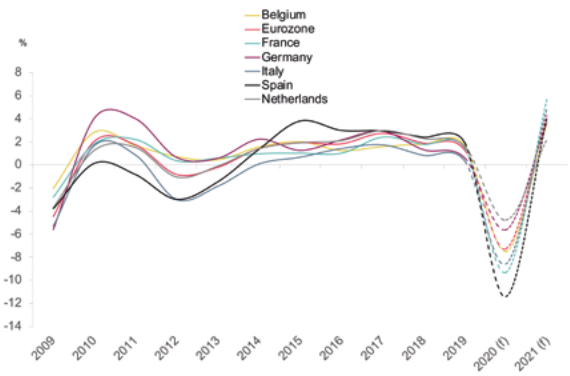
0.5%

YIELD ON 10 YEAR GOVERNMENT BONDS IN THE EUROZONE

-0.3%

Source : Oxford Economics

ECONOMIC ENVIRONMENT: GDP IN EUROPE



Sources: Primonial REIM Research & Strategy based on Oxford Economics.

ECONOMIC ENVIRONMENT

Just as the global economy was beginning to recover from its historic post-lockdown drop, uncertainty surged with the enacting of tougher measures to slow the spread of new Covid-19 infections in many countries. However, a major turn in fighting the pandemic may have occurred with the announcement early this month by Pfizer and BioNtech regarding the likely efficacy of their vaccine candidate, which is currently in phase 3, the last stage before certification. For the moment, the latest projections are for a 4.4% global contraction in 2020, slightly better than expected, thanks to the strength of the recovery after the lockdown and during the third quarter. But pandemic uncertainties in the fourth quarter of 2020 could undermine the recovery in 2021 (projected at +5.2%).

The euro zone's economic trajectory has tracked that of the global economy. The outlook is likely to darken for the coming months due to the current resurgence in the pandemic and the implementing of new restrictions. For 2020 on the whole, euro zone GDP is expected to contract by 7.3% before rebounding in 2021 (+4.3%). Even so, wide disparities have emerged, with: 1/ northern European economies seeing an uptick in consumption and exports, which should allow them to limit the drop in their full-year GDP (to -4.8% in the Netherlands and -5.6% in Germany, for example); 2/ economies having to inject lots of money to keep their recovery on track (Belgium -7.5% and France -9.3%); and 3/ southern European economies whose prospects have worsened due to their economies' dependence on tourism (Italy -8.6% and Spain -11.4%).

In reaction, the ECB has taken aggressive measures, particularly in monetary policy, to support euro zone economies. Its Pandemic Emergency Purchase Programme (PEPP) now amounts to 1,350 billion euros. One effect of this policy will have been to narrow long bond spreads between Germany, the euro zone's largest economy, and other countries (by 5 to 20 basis points from the second to the third quarter in the Netherlands, Belgium, France, and Finland, and by 30 and 60bp in Italy, Spain, Portugal and Greece). This strategy should keep interest rates low for some time to come throughout the euro zone.

With 160 billion euros invested in the first nine months in 2020 (-19% year-on-year), including 99 billion euros in the euro zone (-22%), the European commercial property market* did shrink but is still above its 10-year average. This shows that it remains attractive in the long term. Germany (41 billion euros, -2% year-on-year) is a resilient market; France (21 billion euros, -23%), the Netherlands and Belgium (15 billion euros, -25%) are still far above their 10-year average; and while Spain (6 billion euros, -51%) and Italy (5 billion euros, -34%) have dropped precipitously. On the whole, most prime office, residential and healthcare yields were stable between the second and third quarter 2020. Second-generation shopping centres and retail parks continued to widen but at a slower pace than previously. High street shops have been mostly spared, especially in prime locations of large metropolitan areas. Lastly, after a correction early in the pandemic and during the second quarter, hotel yields levelled off in the third quarter 2020.

*Commercial property means offices, retail shops, logistics, real-estate services and residential property for institutional investors.

Source of quantified data: CBRE, RCA, Oxford Economics.

OFFICE PROPERTY

OFFICE PROPERTY INVESTMENTS IN EUROPE, 2020 Q3 (9 MONTHS)	€65bn
TREND IN PRIME YIELDS IN EUROPE, 2020 Q3	→
TAKE-UP TREND IN EUROPE, 2020 Q3 (9 MONTHS)	↘
VACANCY TRENDS IN EUROPE, 2020 Q3	↗
RENT TRENDS IN EUROPE, 2020 Q3	→

Three cities lead Europe in office investment: Paris has confirmed its role as a safe haven with investors; London is still in disfavour; and Berlin is third. With a dip in the second quarter and a rebound in the third quarter, a total of 65 billion euros was invested in European office property in the first nine months of 2020, a 25% year-on-year decline. With the return of risk-averse strategies, investors have naturally shifted to higher-quality office markets. Paris, for example, ranks first with more than 12 billion euros in investments, followed by London, which has lost its leading role, with 9 billion euros, and Berlin, third with 7.8 billion euros in commitments. Other major European cities, including Amsterdam, Brussels, Frankfurt, Madrid, Milan and Munich, do not exceed 5 billion euros.

Prime office yields in European central business districts (CBD) were stable between the second and third quarters of 2020. Compared to the end of 2019, in the 100 or so office markets under review, most prime yields were stable, with corrections occurring more often in secondary markets. In the third quarter of 2020, most core markets with yields of 3.00% or lower were in cities like Paris, Munich, Berlin and Zurich. While some regional metropolises underwent some readjustments between the end of 2019 and end-September 2020 (between 15 and 25bp), Belgium, the Netherlands, Spain, Italy and Portugal have cities with prime yields of 5% or more.

PROJECTED JOB CREATIONS IN THE MAIN EURO ZONE COUNTRIES (Q/Q-1)

Sources: Primonial REIM Research & Strategy based on Oxford Economics.

Strict lockdown measures have slowed European take-up considerably. European office markets totalled take-up of almost 5.5 million m², down by 47% year-on-year. The Paris office market remains Europe's top market with more than 913,000 m² transacted in the first nine months of 2020 (-46% year-on-year). London dropped to take-up levels that are comparable to cities like Berlin or Munich (between 400,000 and 500,000 m² transacted over nine months).

Vacancy rates have risen in Europe, driven by a dearth of transactions and new developments. The average European vacancy rate was 6.3% in 2020, a 40bp year-on-year increase. Berlin and Munich have the lowest vacancy rates, at less than 3% of available supply as of the end of September 2020. The two largest European markets, Paris and London, were at 6.4%.

Most rents were stable on European markets. However, increases were seen between the end of 2019 and the third quarter 2020 in Paris CBD, Amsterdam and Berlin, while there was a dip in Dublin. Paris CBD (€900/m²), Luxembourg (€600/m²) and Dublin (€655/m²) have the highest rents of any euro zone cities.

Source of quantified data: CBRE, IMMOSTAT, BNP PRE, RCA.

RETAIL PROPERTY

INVESTMENT IN RETAIL PROPERTY IN EUROPE, 2020 Q3 (9 MONTHS)	€23bn
PRIME YIELD TRENDS IN HIGH-STREET SHOPS IN EUROPE, 2020 Q3	→
TREND IN PRIME YIELDS IN SHOPPING CENTRES IN EUROPE, 2020 Q3	↗
E-COMMERCE PENETRATION IN THE EURO ZONE, 2020	↗
RETAIL COMMERCE REVENUES IN THE EURO ZONE, 2020	↘

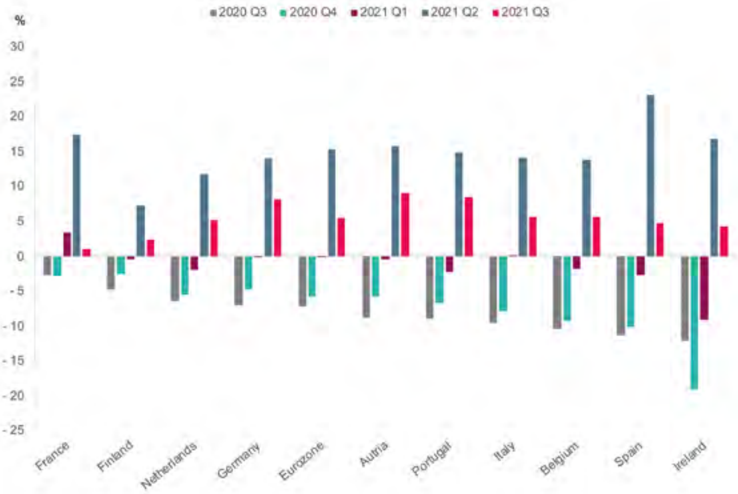
The pandemic has hit retail sales, resulting in a slower capital inflows. Even so, 23.2 billion euros was invested in retail property in Europe in the first nine months in 2020, a year-on-year decline of just -14%. Germany remained the leader (6.4 billion euros, +24% year-on-year), followed by the UK (3.7 billion euros, -23% year-on-year), France (2.7 billion euros, -11% year-on-year), Spain (1.9 billion euros, +91% year-on-year) and the Netherlands (1.2 billion euros, -34% year-on-year).

After a correction in a vast majority retail properties in the first half 2020, yields levelled off in the third quarter. Yields in high-street shops were stable between the second and third quarter 2020 for the most prime locations in the largest European metropolitan areas. However, yields did narrow by 5 to 30bp in second-tier locations in Germany, Ireland and the Netherlands between the second and third quarters of 2020. Shopping centre yields continued to widen but to a lesser extent, and more and more markets appear to have completed their repositioning. While prime retail parks were stable, yields continued to rise sharply in second-generation ones (by 10bp to 100bp). Supermarket yields have fallen, due to the strategic role that they are playing during the pandemic.

Private consumption is expected to see a historic drop in 2020. Consumption dropped sharply in the first half, due to the lockdowns. However, the impact was mitigated to a considerable extent by government support. Euro zone consumer spending is therefore projected to decline in 2020 (-8.2%) before rebounding in 2021 (+6.1%). This will inevitably show up in retail sales in value terms (-1.8% in 2020) before a robust rebound in 2021 (+5.1%). For the moment, the countries that are most likely to be hit by lower consumption are Ireland, Spain, Italy and Belgium in 2020 on the whole. Meanwhile, e-commerce's penetration rate in aggregate retail sales has increased, due to lockdowns and social distancing measures.

Retail property rental values continued to fall. The trend was steep in the second quarter of 2020, but far less so in the third quarter, at between -1% and -15% year-on-year. The biggest drops in the third quarter were in Ireland, Spain and the UK.

PROJECTED CONSUMER SPENDING IN THE MAIN EURO ZONE COUNTRIES (Q/Q-1)



Sources: Primonial REIM Research & Strategy based on Oxford Economics.

Source of quantified data: Oxford Economics, CBRE, RCA.

RESIDENTIAL PROPERTY

INVESTMENT IN RESIDENTIAL PROPERTY IN EUROPE, 2020 Q3 (9 MONTHS)	€39bn
PRIME YIELD TREND IN EUROPE, 2020 Q3	→
PRICE TRENDS IN EUROPE, 2020 Q3	↗

Residential blocks remain attractive with investors. After an exceptional year in 2019 for residential property, capital is likely to continue flowing into this asset class in 2020. As a result, residential property investments totalled 39 billion euros in the first nine months of 2020, which was stable compared to the same period in 2019. The busiest euro zone markets were Germany (12.1 billion euros, +6% year-on-year), the Netherlands (4.4 billion euros, -34% year-on-year), France (2.6 billion euros, +46% year-on-year) and Spain (1.1 billion euros, -81% year-on-year). Keep in mind that declines in the Netherlands and Spain come on the heels of record sums committed to these markets in 2019.

Most prime yields were stable in the third quarter of 2020 in the euro zone, but there were also some slight increases and decreases in yields. The risk premium between residential yields and 10-year government yields remained favourable to investors during the first nine months 2020. In the euro zone, Paris, Munich, Vienna and Helsinki had the lowest prime yields at less than 3.0%. Most major metropolitan areas were stable and some of them saw a slight narrowing in their prime yields. However, some cities in the countries that have been hardest hit economically appear to be experiencing some slight readjustments, particularly Barcelona and Rome, while Milan has been spared.

RESIDENTIAL PROPERTY PRICES IN THE MAIN EURO ZONE COUNTRIES (Q/Q-1)

Sources: Primonial REIM Research & Strategy based on Oxford Economics.

Despite the current pandemic, population pressure remains heavy in European metropolitan areas. For several years now, public authorities have begun to adopt solutions to ease access to housing in the most dense areas. Some local authorities, particularly in Germany and France, have passed laws to cap rents, which has kept them from rising too much. Generally speaking, this mechanism consists in setting caps for each neighbourhood, and type of building and/or housing unit. However, European authorities monitor various indicators to ensure stability in residential markets, including household debt, the quality of loans granted, and a balanced increase in residential property prices as a function of rents and income.

Despite the current pandemic and lockdowns, population pressure, lack of supply and low interest rates once again contributed to the rise in euro zone residential property prices in the third quarter of 2020. Most euro zone residential property prices continued to rise in the third quarter of 2020 (+2.1% q/q-1), but some markets did experience corrections. Prices rose in the Netherlands (+7.8% q/q-1), Germany (+6.1%), France (+3.6%), Portugal (+1.6%), Belgium (+1.5%) and Finland (+1.1%), but Italy (-0.1%), Austria (-0.2%), Ireland (-0.3%) Spain (-3.7%) experienced a slight correction in their national residential price indices in the third quarter of 2020.

Source of quantified data: national statistics, RCA, Oxford Economics.

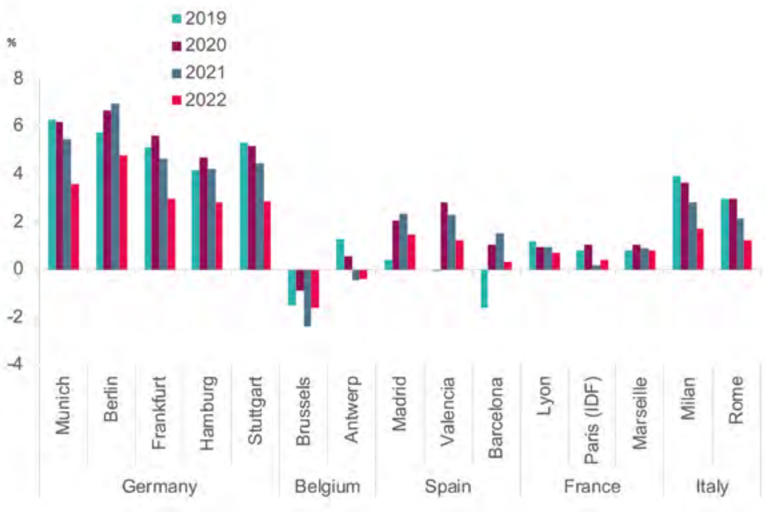
HEALTHCARE PROPERTY

HEALTHCARE PROPERTY INVESTMENT IN EUROPE, 2020 Q3 (9 MONTHS)	€4bn
TREND IN PRIME YIELDS IN EUROPE, 2020 Q3	→
BED DEMAND BY 2025/2030 IN EUROPE	↗

The pandemic has had no impact on fundamentals in the healthcare market and demand is just as strong. Population pressure and life expectancy will rise further in the coming years. The resulting ageing of the population will inevitably cause an increase in the number of elderly, dependent persons. Loss of autonomy means increased care and assisted living, particularly for the population aged 80 years or more, which in the euro zone is expected to expand from 22 million in 2020 to 26 million in 2030. The coming shortage of senior residences and nursing homes therefore remains a key issue. According to sector professionals, to meet demand, about 45,000 new nursing home beds will have to be added each year between 2015 and 2025/2030 in the main euro zone countries.

After taking something of a wait-and-see attitude during the lockdown, investors continue to seek out European healthcare property, but the lack of available properties is limiting their action. Investment volumes in senior residences and nursing homes totalled 4.3 billion euros in Europe in the first nine months of 2020 (-23% year-on-year). In the euro zone, with almost 3 billion euros in investment, the market is expanding (+10% year-on-year). The German market fared very well, with almost 1.3 billion euros transacted in the first nine months of 2020, followed by the Benelux, with almost 656 million euros, southern Europe with more than 280 million euros and France with more than 200 million euros.

PROJECTED CHANGE IN THE NUMBER OF PERSONS AGED 80 YEARS OR MORE IN THE MAIN CITIES (REGIONS) OF THE MAIN EURO ZONE COUNTRIES (%) (N/N-1)



Sources: Primonial REIM Research & Strategy based on Oxford Economics.

After several years of pressure, prime yields in the euro zone were stable. Prime yields in nursing homes remained below 4.5% in nursing homes in France, Germany and Belgium. Nursing homes considered prime in Italy (generally in, or near, town centres) have yields between 5.50% and 6.00%. Yields in Spain are generally close to, but slightly below those in Italy, between 5.00% and 5.50% at the end of the third quarter 2020.

Once they had acted promptly throughout Europe to protect patients and medical staff, healthcare facilities resumed their pan-European consolidation, thus demonstrating the importance of solid and reactive operators during a pandemic. Korian, for example, announced the acquisition of a majority stake in Technosens, a start-up, alongside Groupe VYV, to develop digital solutions that promote social contact. Meanwhile, Orpea made some new acquisitions, particularly in Ireland, thus becoming the no.2 player in that country with the acquisition of Brinley Healthcare. In the clinic sector, it was ultimately KKR of the US that acquired a 45% stake in Elsan, France's second-largest hospital group, alongside a group of French investors. The deal valued the group at 3.3 billion euros.

Source of quantified data: RCA, Operators, Primonial REIM.

HOTEL PROPERTY

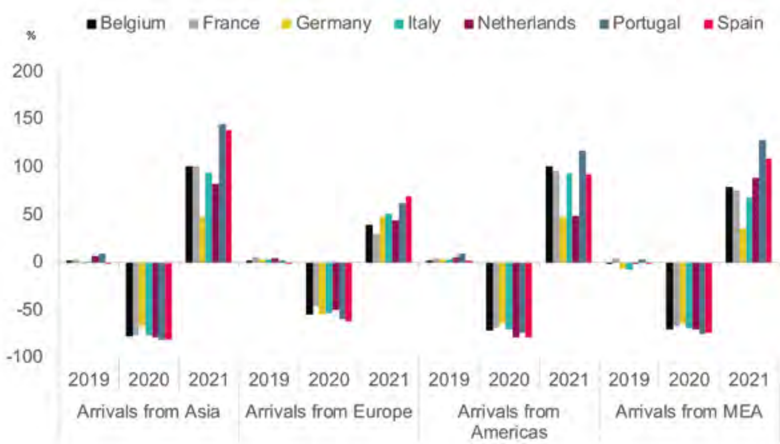
ROOM OCCUPANCY RATE IN EUROPE, 2020 Q3	39%
REVPAR IN EUROPE, 2020 Q3	€36.6
NUMBER OF ROOMS SOLD OR LEASED IN EUROPE, 2020 Q3	180,000,000
PRIME HOTEL YIELDS IN MAJOR EUROPEAN CITIES, 2020 Q3	4.25%-6.5%
PROJECTED TOURIST ARRIVALS IN EUROPE: 2020	↘

Since the start of 2020, the tourism sector has been severely disrupted by the pandemic and resulting border closures and lockdowns. In the first nine months of 2020, the hotel property market totalled 7 billion euros (-61% year-on-year). Capital has focused on Germany (1.4 billion euros, -34% year-on-year), France and the Benelux (1.0 billion euros, -71% year-on-year), and Italy, Spain and Portugal (1.7 billion euros, -49% year-on-year).

About 180 million hotel rooms were sold or leased Europe in the third quarter of 2020, with a reshuffling of categories. The number of rooms sold or leased was led by budget hotels, at 47%, followed by mid-range hotels at 41%, high-end hotels at 10%, and luxury hotels at 3%. The pandemic halted international tourist flows. Europe is expected to total about 300 million arrivals in 2020, a little less than half its number of 2019. Tourist traffic is expected decline less severely in France, Germany, Belgium, the Netherlands and, to a lesser extent, Italy, than the European and international averages. Meanwhile, Spain and Portugal are among the hardest hit countries.

After a marked correction in the second quarter of 2020 in all hotel assets, contractions continued in the third quarter on all markets, but assets located in more prime areas began to level off. Euro zone yields widened by 10 to 50bp between the end of 2019 and the third quarter of 2020. Prime yields in Berlin, Munich, Helsinki, Stockholm, Vienna, Amsterdam Paris or in Milan are between 4.25% and 4.75%, while cities such as Rome, Barcelona, Madrid, Brussels or Lisbon are positioned between 5.0% and 6.5%.

PROJECTED TOURIST ARRIVALS FROM INDIVIDUAL REGIONS VS. THE PREVIOUS YEAR IN THE MAIN EURO ZONE COUNTRIES (%) (N/N-1)



Sources: Primonial REIM Research & Strategy based on Oxford Economics.

Since late March 2020 and the start of the lockdowns, indicators have shown steep drops in occupancy rates and RevPAR. Hotel occupancy rate fell from 71.9% in 2019 to 39.0% in the first three months of 2020. The average price fell from €118 in 2019 to €94, and RevPAR (revenue per available room) from €85.1 to €36.6. By category, budget hotels did not fare so badly, with an occupancy rate of almost 50%; the mid-range category held up rather well with an occupancy rate of about 40%; and high-end and luxury hotels were hit hard, as their occupancy rates did not exceed 33%.

Source(s) of quantified data: CBRE, RCA, STR, Oxford Economics.

REAL-ESTATE OUTLOOK, 2021-2025

OUTLOOK FOR THE MAIN EURO ZONE MARKETS	Short term (less than 12 months)	Medium term (1 to 5 years)
OFFICES (DEPENDING ON THE MARKETS)	Opportunistic to positive	Positive
RETAIL (DEPENDING ON THE FORMATS)	Wait-and-see to opportunistic	Opportunistic
RESIDENTIAL	Positive	Positive
HEALTHCARE	Positive	Positive
HOTELS	Wait-and-see to opportunistic	Opportunistic

The outlook presented below is based on the latest forecasts by Oxford Economics and the latest scientific advances in combating the coronavirus. There are currently many crisis-exit scenarios, which also depend on pure public health considerations (i.e., pandemic trends). For the moment, the baseline scenario assumes a severe economic recession in 2020, followed by a recovery in 2021. The extent of the 2021 recovery is still subject to many uncertainties.

Although GDP rebounded massively in the third quarter of 2020 in the euro zone, short-term prospects have worsened, as the number of infections continues to rise in Europe, resulting in new government restrictions that will have a major impact on GDP in the fourth quarter of 2020 and could limit the extent of the rebound in 2021.

However, the early November 2020 announcement by Pfizer and BioNtech that their Covid-19 vaccine had shown 90% efficacy in phase 3 trials, the last stage before a request for approval, has raised hopes for a gradual return to normal. Based on projections, the two companies say they plan to supply about 50 million vaccine doses worldwide in 2020 and as many as 1.3 billion in 2021. This announcement immediately sent European equity markets skyward, especially airline stocks, which had been hit very hard hit by the pandemic. However, there are still several stages to get through in eliminating the last uncertainties on widespread distribution of the vaccine.

Euro zone economies suffered their steepest contractions ever. Although governments and central banks put through massive economic support plans to minimise the number of bankruptcies and promote the recovery, there are indeed “pre-crisis” and “post-crisis” property users. Likewise, the convergence of “pre-crisis” property yields has been disrupted in favour of a new hierarchy of yields between types of property. Investors now face a new post-pandemic world and will have to take a long-term view.

OFFICE PROPERTY

The European office market rested on rather strong fundamentals in facing the current crisis, including low yields on most European markets. However, these strong fundamentals have worsened, and take-up is being held back by bankruptcies and risks of job destructions. Controlling developments in the coming five years will be strategic in preventing supply-demand imbalances. Core assets and markets, with solid tenants and long-term leases are likely to enjoy better prospects for valuation and future growth in rents, while less-secured assets (with second-tier locations and high vacancies) could see some corrections that could impact the capacity of these goods and markets to deliver a high level of performance in the medium term. In the short term, a new hierarchy of yields seems to be taking shape, based on the fundamentals of each market in Europe.

RETAIL PROPERTY

New social distancing measures, including curfews, closing of many retail shops and lockdowns, are likely to continue to undermine consumption throughout the euro zone. We expect neighbourhood food stores and supermarkets to be the least hard-hit. Shopping centres, especially those in second-tier locations, are likely to see their revenues fall drastically. The surge in e-commerce is pushing more and more companies to accelerate their digital transition to limit the impact of asymmetric competition with e-commerce pure players. High-street shops on most core European markets should see better prospects for valuation and future growth in rents, while shopping centres could see new corrections, for example in second-tier locations and high vacancies, affecting their ability to deliver a stable medium-term returns. In the short term, a new hierarchy of yields has taken shape in all European markets, based on formats.

RESIDENTIAL PROPERTY

While a one-off correction in residential property values may affect certain markets, the fundamentals of the euro zone market point to stability in values in the vast majority of European metropolitan areas. For the moment, we expect euro zone residential prices to continue to rise (+4.0% in 2020 and +2.5% in 2021) as they are less closely correlated to the economic cycle than other assets. We expect any correction that does occur to be limited over time, due to population growth (due to the temporary halt to new supply) and measures to ensure market liquidity. However, if the recession drags on, with an impact on household income and hence solvency, there could be a negative impact on residential property prices. For the moment, markets in major European cities enjoy healthy prospects for capital gains and rental income in the short and medium terms.

REAL-ESTATE OUTLOOK, 2021-2025

OUTLOOK FOR THE MAIN EURO ZONE MARKETS	Short term (less than 12 months)	Medium term (1 to 5 years)
OFFICES (DEPENDING ON THE MARKETS)	Opportunistic to positive	Positive
RETAIL (DEPENDING ON THE FORMATS)	Wait-and-see to opportunistic	Opportunistic
RESIDENTIAL	Positive	Positive
HEALTHCARE	Positive	Positive
HOTELS	Wait-and-see to opportunistic	Opportunistic

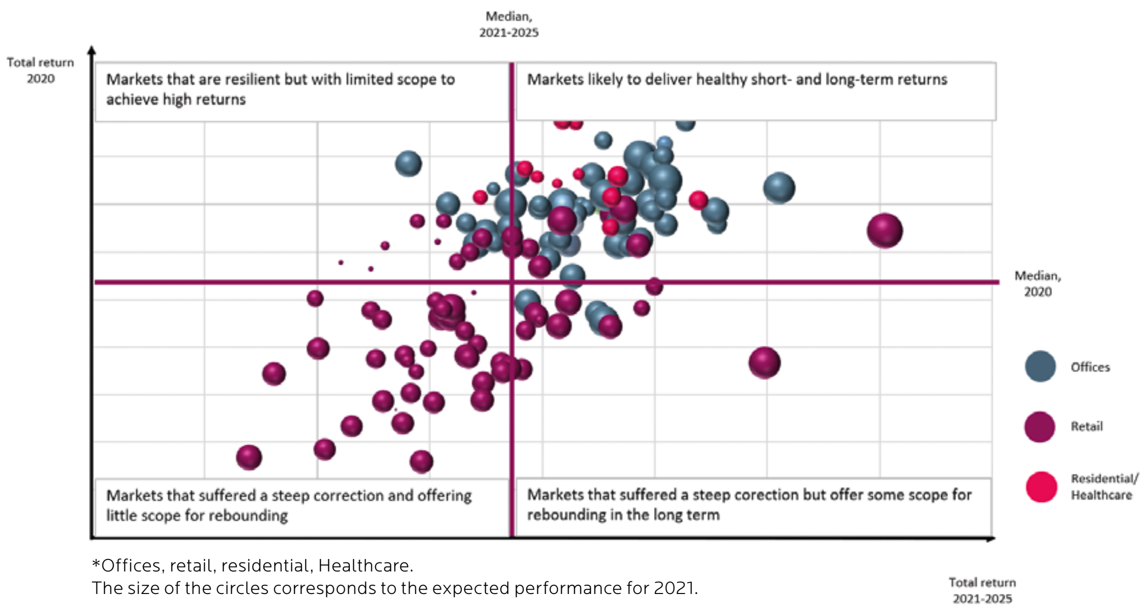
HEALTHCARE PROPERTY

The Covid-19 crisis has highlighted the importance of healthcare systems for Europeans and the short-, medium-, and long-term challenges involved. One of these challenges that has been thrown into sharp relief is the need to expand the current offering for seniors. This will require very heavy investments by public and private sectors, especially as population growth – regardless of Covid-19 risks – will remain heavy for years to come. For the moment, investment volumes are likely to be lower than in past years, but we believe this is due mainly to a lack of supply and not investor wariness. Accordingly, prime yields are likely to track those in residential property.

HOTEL PROPERTY

The tourism sector was hit hard by the first lockdown but looks more resilient in facing the second one as the year comes to a close. The outlook for 2020 is poor, but the sector now appears better prepared to deal with new waves. A rebound in the main sector indicators is therefore expected for 2021, including occupancy rates, average prices and RevPAR. Some prime hotel yields are likely to level off while others could be adjusted further. Meanwhile, during the first lockdown, the budget and mid-range segments managed to hold onto domestic market guests more than high-end and luxury segments, which were hit hard by the lack of international arrivals. This trend is likely to gain in intensity during the yearend wave. In the short term, domestic market guests are increasingly decisive, allowing some segments to achieve far above-average occupancy rates. After some wariness, investors could very quickly make opportunistic acquisitions with the confirmation of the vaccine's efficacy and the gradual reopening of borders.

PROJECTED PROPERTY PERFORMANCE* IN EUROPE IN 2020-2025



*Offices, retail, residential, Healthcare.
The size of the circles corresponds to the expected performance for 2021.

Source(s) of quantified data: 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 30 june 2020, Primonial REIM had:

- **+ € 22bn** of assets under management;
- **70 170** associates;
- **45 independent real estate** advisors;
- a portfolio of **4,392,387m² 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).

PRIMONIAL
REIM

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and “Real estate management” no. G6386 delivered by the Paris Prefecture of Police
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