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INTERNATIONAL

✓Emerging markets resist to the growth slowdown in Europe and in the U.S.A according to the Parisian Chamber of Commerce.

Industrial activity remained stable in the second half 2002 in most of the Central European countries and grew in Poland. Early 2003, the economic climate continued improving in Poland and Romania but became weaker in Hungary. It is still dynamic in Russia thanks to the high price of gas and oil. However, unemployment is keeping growing in most of the zone countries due to new organizations.

In Latin America, the economic activity remains well oriented in Chile, Mexico and Brazil. Most of these countries enjoyed a currency depreciation in 2002 and suffered from the impact on their exports. In Argentina, where GDP slid 11% in 2002 annual basis, the turnaround is confirmed. Government authorities have taken from their provisions to finance their debt. However, Venezuela is sinking into depression (9% in 2003 annual basis.) The country economy is suffering from the oil strike, an activity that accounts for approximately 25% of the country's GDP and 55% of its tax revenues.

In Asia, growth is speeding in Taiwan (up 1.1% in the 4th quarter compared to the third), in the Philippines (up 2.7%) as well as in China and Hong Kong in spite of a high deflation. In Malaysia, GDP grew by 0.7% only. In South Korea, early 2003 exports were growing as well as retail prices and unemployment remained stable at 3%. In Singapore, GDP fell for the second consecutive quarter by fall 2002.

EASTERN & CENTRAL EUROPE

POLAND

✓Food competition is gaining strength.

Poland remains a key market in Eastern Europe as it has been enjoying more than 5% economic growth since the middle of the Nineties (except in 2001) and a purchasing power as high as ∈ 3,019 per capita.

The first western retail chains entered this market in 1994 and concentrated in the urban zones around Warsaw, Lodz, Wroclaw and Katowice. They opened big-box stores of more than 400 sq.m. Today this dozen of foreign investors does not account for more than 1% of the market. In fact, 92% of the 120,000 food stores have sales area of 50 sq.m and less and 40% of them are located in the rural areas. Today, 170 hypermarkets and 900 supermarkets, including 83% and 56% respectively, are owned by foreign chains. 1,100 hard discounts, including 680 owned by Biedronka (a subsidiary of the Portuguese Jeronimo Martins) since 1998, must be added to that total.

Among the first arrivals in Poland was the German **Metro** with its Makro cash & carry. It is currently the largest retail chain in Poland by turnover and sales area. It introduced its Real hypermarkets in 1997 and built « M1 » shopping centers in which its various formats such as Real (25), Media-Markt and Praktiker are located.

Auchan operates 18 hypermarkets including 16 under the Auchan banner and 11 Elea supermarkets. The most recent hypermarket (30,000 sq.m, 2 levels) was opened in September 2002 in Wola Park, the largest retail and leisure center of Poland (100,000 sq.m). →→→

Tesco expects opening large hypermarkets in a 10,000 to 15,000 sq.m space. To increase its market share rapidly, it bought the HIT chain from the German Dohle in 2002. It operates 34 units currently.

Casino opened 15 Géant hypermarkets and 107 Leader Price, **Carrefour** 13 hypermarkets and 54 supermarkets. The Dutch Royal **Ahold** 184 including 15 Hypernova hypermarkets and 130 Albert supermarkets, **Leclerc** 9 food big-box stores.

According to a current study by Commerzbank and POHID, a lobby gathering 11 retail chains, sales per hypermarket slid from ∊ 64 million in 2000 to ∊ 45.9 million in 2002. They anticipate that 30 to 50 new stores could be opened per year.
Source : Claudia Horbert for Stores & Shops

WESTERN EUROPE

FRANCE

✓Galeries Lafayette Group : in the full-year 2002, net profit grew by 30.3% to ∊ 83.9 million and operating profit by 19.9% to ∊ 275.7 million.

Both group co-presidents, Philippe Houzé and Philippe Lemoine, have released the 2002 performance. If sales remained almost unchanged in the first half (up 0.6%), full year sales were in line with the predictions : operating profit grew by 19.9% to ∊ 275.7 million accounting for 5% of sales. Pre-tax sales increased 4.6% to ∊ 5.467 billion. Monoprix and Cofinoga good results and the department store good resistance (excluding BHV) had a strong impact.

Same-store consolidated sales grew by 2.1% including some aspects of Marks & Spencer activity. Net profit group share increased 30.3% to ∊ 83.9 million. Recurring net profit slid 8.4% to ∊ 90.3 million including the Marks & Spencer takeover impact for ∊ 4.4 million.

Monoprix EBIT grew by 34.1% to ∊ 92.1 million and Cofinoga 36% to ∊ 127.4 million. The loss of the web-based grocer, Télémarket, fell back to ∊ 9.8 million and should still decline by half in 2003. Both co-presidents maintained that they extended their partnership with Casino in Monoprix until at least January 2006

A new store prototype will soon be launched focusing on ready-to-eat products. Four Marks & Spencer will be sold for ∊ 38 million. The unit located in Haussmann boulevard (Paris downtown), currently being renovated, will be reopened by spring 2004 in a 10,000 sq.m space and offer home-furnishings. The BHV department stores will be re-examined, some will be relocated either in the same town or in the suburbs in larger spaces varying from 8,000 sq.m to 9,000 sq.m and specialized in the kitchen or bathroom. A Monoprix loyalty card will be launched in 2003.

✓Casino : 2002 net attributable income was up 17.5%, a growth above 15% for the eighth consecutive year.

Total business volume excluding VAT grew by 9.9% on constant exchange rates to ∊ 34.363 billion due to the food positioning (accounting for 85% of sales) and to discount and convenience stores. Consolidated sales excluding VAT increased 4% to ∊ 22.857 billion. Net attributable income grew by 17.5% to ∊ 445.2 million and operating income by 15% to ∊ 966 million.

The group organic growth was up 6%. In France, where it generates 77% of its sales, operating income rose 17.5% to ∊ 911.7 million (i.e.-e 94% of the total), primarily driven by the strong growth of the Monoprix variety stores, supermarkets and superettes (up 24.6%) and discount formats (up 23.5%) that account for 70% of the activities operating income.

Leader Price organic growth rose 13.8% in spite of a temporarily slow down by year-end and a growing operating margin by 7.5% from 6.8% in 2001 has been generated.

International accounted for 23% of the group consolidated sales and 6% only of operating income that amounted to ∊ 54.3 million. Exchange rates had a negative impact of ∊ 1.090 billion on sales and ∊ 15.8 million on operating income.

Laurus, the second largest food retailer in Netherlands, a 38.7% subsidiary of Casino, reduced its net loss to ∊ 128 million compared to 448 million

one year before. Consolidated sales fell 14% to ∈ 5.3 billion. Its losing activities (∈ 42 million) have been sold in Spain and in Belgium they will be sold to Colruyt in 2003. In the Netherlands, 2 supermarket chains have also been sold. Hence its market share fell back to 20.3%. In due course, Laurus should contribute ∈ 4.5 billion to Casino group sales.

In the U.S.A, the foodservice activity and the Smart & Final cash & carry units in Florida were losing money but the Californian same-store sales grew by 3.5%. The losing units and the Taiwan activities could be sold. In Latin America, activities were positive in spite of the context situation.

Poland registered a ∈ 23.5 million operating loss due to the economic slowdown and the commercial over equipment. Group ROCE was 12.9% vs. 11.4% in 2001 and 10.3% in 2000.

Casino sets itself as targets in 2003 an increase in excess of 6% in same-store sales and on constant exchange rates. It expects a growth in operating income and income from current operations comparable to levels achieved in 2002. Casino has planned to open 520,000 sq.m in new space between 2003 and 2005.

Cdiscount.com, the online site of the Casino group and Rallye, specialized in CD, DVD and videos sales at discount prices, was profitable for the first year with ∈ 1.2 million on ∈ 128.7 million sales multiplied by 3 compared to 2001. In 2002, 2.2 million parcels have been delivered and, for the first time this year, its activities will be expanded to Belgium.

International : consolidated activities

(mio ∈)	2001	2002	growth
USA	2,244.0	2,203.2	-1.8%
Poland	818.4	873.5	+6.7
Latin America	1,262.6	718.1	-43.1
Asia	1,145.1	1,289.1	+12.6
Indian Ocean	-	261.6	NA
Pre-tax sales	**5,470.1**	**5,345.5**	**-2.3**
USA	35.8	17.9	-50.0
Poland	11.2	(23.5)	NA
Latin America	4.2	12.9	x3.1
Asia	26.4	31.4	+18.9
Indian Ocean	-	15.6	NA
Operating income	**77.6**	**54.3**	**-30.1**
Operating margin	**1.4%**	**1.0%**	**-**

Source : Casino

✓Hyparlo reports good results in 2002, in line with projections.

EBIT of the Carrefour franchisee grew by 45% to ∈ 22.1 million and net income amounted to ∈ 14.7 million, up 55% compared to one year before. Pre-tax sales at ∈ 1.010 billion increased 4.3%. 14% of sales were generated outside France including 10% in Italy and 4% in Romania. Commercial margin was up 6.8%. Recurring profit grew also by 58% to ∈ 17.9 million. The debt fell back to 45% in 2002 from 83% in 2000.

Hypermarkets continued gaining market shares in France while improving their profitability. The group wants to be the leader on its own markets thanks to a constant price, quality and service policy.

In Italy, as the group could not reach a sufficient size in front of Auchan and Carrefour that have bought groups controlling large market shares, and considering the heavy investments, Hyparlo decided to pull out of the country this year to focus on Romania and sell its activities to its partner Carrefour. The operation will result in a net capital gain of ∈ 20 million.

In Romania, Hyparlo wants to be the country's leader in partnership with Carrefour and speeds its development up : the hypermarket, opened in 2001 in Chiajna, generates ∈ 100 million sales (as much as two Italian hypermarkets) and will grow its sales area from 8,500 to 10,000 sq.m this month. The new Orhideelor hypermarket will be completed in Bucharest (8,500 sq.m) and is to be opened this coming October; a third unit is being built in the north-east of the capital, in Colentina (8,800 sq.m), to be opened by Spring 2004. Hyparlo has planned a smaller store in a 6,500 sq.m space in Brasov as it is located in the province. The target is to invest ∈ 35 million per year and to operate 8 hypermarkets in this country over 2006.

Romania has several positive aspects : it is the Central Europe's second largest country by inhabitants (22 million). Inflation has been steadily declining from 54.8% in 1999 to 17.8% in 2002 and is due to decline in 2003 to 14%. GNP growth is 8%.

By end 2003, the group will run 14 Carrefour hypermarkets including 12 in

France and 2 in Romania. In 2004, sales will apparently decline because Hyparlo pulls out of Italy and integrates Romanian operations. Same-store sales should increase between 3% and 5%. Recurring net profit is to grow by 20%/25% (including the capital gain due to the Italian store sale) and recurring profit should more than double.

✓Carrefour and small and medium-sized businesses.

During the International Showroom of the Carrefour group for its 40th birthday, Daniel Bernard, ceo, announced new initiatives aiming to strengthen his links with small and medium-sized businesses manu-facturing products under the Carrefour private label. He proposed to give them tools in order to better compete with large international manufacturers, to share studies specifically adapted to them by Carrefour and to continue helping them to develop their exports…

✓Pinault Printemps Redoute : new organization of the management and sale of Guilbert to the American Office Depot.

In line with its strategic refocusing on the individual consumer and in order to reinforce its operational efficiency, the group is restructuring its management structure in its retail activities around two new divisions : Leisure and Home in one hand (Fnac and Conforama) and Apparel and Lifestyle in the other (Redcats, Printemps and Orcanta).

The group received from the American group, Office Depot, ∈ 815 million million to buy the remaining capital of Guilbert, Europe's leading distributor of office supplies and furniture to business-to-business customers (∈ 1.4 billion sales). Staples, the world's leader of the specialty, had already bought the selling distance activities of Guilbert for ∈ 825 million last year.

Office Depot is America's second largest distributor of office supplies and furniture behind Staples operating 867 stores in the U.S. and Canada plus approximately 50 in 20 other countries and US$ 5.8 billion sales.

✓ Mr Bricolage : sales and operating profit grew in 2002. For the sixth following year, the third French largest DIY firm, Mr Bricolage, generated growing sales by 7.2% to ∈ 1.2 billion (pro forma sale were up 4.1% from a year before). It operated 353 stores including 27 outside France. Operating profit increased 32% to ∈ 25 million.

In 2002, it bought the Tabur chain whose 43 former B3 and Bricogite units out of 6O adopted the new Mr Bricolage sign today. This year, they should contribute to the central buying group sales generating ∈ 470 million from ∈ 263,2 million (up 49.2%) one year earlier.

Mr Bricolage expects its sales to increase 80% to ∈ 1.6 billion with 410 stores (including 82 owned-units) in 2003. Moreover, thanks to the merger with Tabur, ∈ 5 million synergies should be generated, including half as soon as 2003, and net profit group share improve by ∈ 2.5 million.

Mr Bricolage is expanding outside France and expects to open 4 units this year. Currently, 31 units are operating including 23 in Belgium and 2 unprofitable in Spain The firm is thinking to develop into the Czech and Slovak Republics and in Tunisia and projects ∈ 85 million sales.

✓Sephora to roll a new format out by May in Paris.

This branch of the LVMH Moët Hennessy Louis Vuitton group, Sephora's owner, operating 479 perfume shops worldwide, is renovating one part of the former Samaritaine department store building to open a new generation unit in a 1,000 sq.m space. Service will be heightened and focus will be on new products, skin care, massage… US$ 15 million sales are projected the first operating year.

New fragrances will be displayed individually and novel perfumes gathered by type. As in traditional Sephora shops, scents will be displayed alphabetically by brand. Customers will be proposed a loyalty card.

✓Etam Développement, profitable again in 2002 due to the restructuring plan launched in 2002.

A net income of ∈ 26.5 million was registered by the lingerie and women's ready-to-wear group that has been losing money for two consecutive years.

Operating income jumped to ∊ 50.6 million and pre-tax sales grew by 3% to ∊ 1.13 billion (same-store sales were up 0.2%).

The group closed its 1.2.3 Lingerie units, Etam shops in Germany and Japan and is divesting of WMK (Women, Men and Kids); the British arm reached the break-even point last year. Etam Développement net debt/stockholders' equity ratio slid from 84% to 36%.

In 2002, 135 stores have been opened bringing the total count to 1,376 worldwide including 45% in France, 15% in U.K and 7% in Belgium.

GERMANY

✓METRO : 60% of sales generated outside Germany.

Sales of the German leading chain grew by 4% to ∊ 51.5 billion in 2002. 60% were generated outside homeland. Net profit increased 12% to ∊ 502 million. EBITDA amounted to ∊ 2.42 billion. In 2002, the world's sixth largest food chain opened 119 stores bringing the total count to 2,310 units (566 outside Germany) in 26 countries.

Metro sets itself as targets in 2003 an increase in sales of 5% and in profit per share between 6% and 10%. It will invest ∊ 2 billion mainly devoted to the international development and the most profitable activities : the cash & carry and Media Saturn. Metro could divest of Praktiker.

	operating profit (∊ mio)	**growth (%)**
Metro cash and carry	709	+13.4
Media Saturn consumer electronics	280	+ 25.1
Kaufhof dept.stores	131.4	(- 30)
Praktiker DIY	(41.6)	Loss multiplied by 4
Extra supermarkets	(47.2)	Loss multiplied by 3

( ) loss *source : Metro*

The German government passed legislation that will allow shops to extend opening hours on Saturday from 4 p.m to 8 p.m bringing the total to 84 working hours vs. 80 per week. This will come into effect on July 1.

GREECE

✓A land of retail opportunities.

Retailers and investors alike are keen to enter this bursting country. Pradera European retail fund, specialized in suburban projects, landed on Greece in the beginning of 2001 when it bought Village Park in Athens for ∊ 60 million. This 20,000 sq.m scheme including 45 shops and a 20-screen theatre was built by Australian operator Village Roadshow in conjunction with the Trizechahn from Canada.

Two years later, in the beginning of 2003, DB Real Estate and EFG Eurobank Ergasis bought 15 supermarkets from Carrefour (Marinopoulos) for ∊ 63 million.

Greece enjoys a reduction in interest rates boasting consumer spending. At 3.5%, its growth rate is the highest in Europe aside from Luxembourg. Concerning retail trade, the country is under-equipped with 10 sq.m GLA area per inhabitant compared to an average of 163 sq.m in EU.

As for suburban centers, prospects are promising as consumer demand increased 8.3% between May 2001 and May 2002, car ownership 60% in the past decade and important infrastructure projects are under way. Moreover, retailers try to modernize and expand.

The upcoming Olympic Games that will take place in Athens during 16 days in 2004 are also good prospects : the organization committee is looking for a developer to build a 52,000 sq.m center for residential and commercial use. In the same time, Lamda Development expects to open its 70,000 sq.m Media shopping center.

Sonae Imobiliaria from Portugal has two projects under way : Pylea (50,000 sq.m) in Salonica, with Lamda, and Aegean Plaza (35,000 sq.m) in conjunction with the local developer Charagionis. An Israeli developer is building Helios (27,000 sq.m) in Athens. Ikea, present in Thessalonica, will open a 40,000 sq.m center in the capital in 2003.

However investors enthusiasm can be hampered by the planning, the ../..

difficulty in finding good sites with good access and the tenant rights. « They can opt out of a commercial lease after two years, give just six month's notice and a four-month penalty » some say at DTZ. Consequently, it seems that the best way to enter Greece will be well-established retailers mainly in the food activity.
Source : Plaza

PORTUGAL

✓Sonae Imobiliaria, very active in Portugal, Spain, Austria, Italy, Greece and Brazil with 15 projects totaling 447,000 sq.m.

This developer is already owner or co-owner of 23 shopping centers, 3 galleries and a retail park totaling 1.51 million sq.m. It expects to consolidate on the markets where it is present and to have a foothold in Brazil, a country in which it will not invest more than 20% of its net assets value. It is not interested in Eastern Europe and prefers concentrating on Southern European countries whose tastes are similar to its domestic market.

countries	% of the activity	projects	opening dates
Germany	24%	Dortmund (55,000 sq.m)	2006
Spain	21%	Madrid, Toledo, Bilbao (130,400 sq.m)	2003-2004
Austria	16%	Vienna (24,600 sq.m)	2005
Greece	14%	Athens, Salonica (85,000 sq.m)	2004
Portugal	13%	Coimbra, Seubal, Ponta Delgada (53,000 sq.m)	2003-2004
Brazil	12%	-	-

Last July, Sonae joined ING to own and manage 5 shopping centers (226,700 sq.m) and leisure parks in Spain, an operation that represented an investment of ∊ 137 million for Sonae.
Source : Europroperty

SPAIN

✓Retailing and investors.

Amid the rocky economic context, investors are very interested in retailing and more specifically in warehouses whose rents are relatively low, between ∊ 85 and ∊ 160 per sq.m per year and yields high between 7% and 8%.

Pillar Europe, a British joint venture, bought the Nassica shopping and leisure park in Gefate, south of Madrid, for ∊ 117.6 million in a first venture into retail warehousing. It is a 49,000 sq.m scheme which includes 45 shops among which Aki (DIY), restaurants, a 20-screen multiplex and 2,500 parking spaces. An additional 6,500 sq.m space will be added.

Assetalia, a development company created by the Luxembourg-retail fund Pradera in partnership with a Spanish group, is building one of the largest Spanish suburban retail and leisure parks in Ortuella, next to Bilbao, in a 170,000 sq.m space. It is an investment of ∊ 270 million. The total scheme will include a shopping center, retail park, factory outlet, hypermarket, restaurants and cinemas.

In the north-east of Madrid, in Alcala, Assetalia is also building a 45,000 sq. m retail and leisure park due to open in 2004.

Demand for large central and regional shopping centers is as big as ever not only in Madrid or in Barcelona but also in the provinces. According to CW/H&B, « When we market schemes we have six, seven or eight offers for the centers. Investors who are not normally in the market have started to look but it is hard for newcomers to get into this sector. The shopping center market is dominated by the Dutch players ING, Foram, Corio, Rodamco and others, plus Pradera and French firm Klépierre. »

Shopping centers yields are stable but there is a slight curb : they vary from 6.5% to 6.75% for regional centers.

For international investors, opportunities to buy prime downtown shops are limited because it is difficult to compete with the rich Spanish families even if specialists such as Foram, Redevco, Vastned or Pricoa succeeded. There is a high demand for factory outlets but good opportunities are rare because they have a disadvantage of variable rents from 25% to 50% of sales compared to 1% to 5% in traditional shopping centers.
Source : Europroperty

✓Mercadona reports good performance in 2002.

The largest Spanish supermarket chain grew sales by 28% to ∊ 5.78 billion. Net profit after tax increased 30% to ∊ 91 million in 2002. Moreover, it is ready to

sell the ownership of its 681 units to 35,000 employees, an operation to be financed through bank credit aiming "to improve significantly its profitability and efficiency ratios."

Moreover, Mercadona is expanding very rapidly in Spain with 110 new units and 4,000 jobs in 2002. It should maintain this pace over 2003 investing ∈ 350 million. However, its decision to enter Portugal has been postponed.

For the current exercise, Mercadona expects its sales to grow by 16%, net profit by 20% to ∈ 109 million and its market share to 8.3% at the same level as Eroski of the Mondragon group. Carrefour is by far the leader with 15%.

Mercadona was founded in 1981. In 1998, it merged with the Andalusian firm Almacenes Gomez Serrano.

✓Inditex, good scores 2002.

The Spanish textile group, parent company of Zara (cf. LLDI March 2003), posted full year sales of ∈ 3.974 billion (up 22% on last year). Net profit rose 29% to ∈ 438 million in 2002. Zara accounted for ∈ 2.913 billion (up 20%) or 73.3% of the total sales. Operating profit jumped 27% to ∈ 659.5 million and operating margin accounted for 16.6% of sales. These good figures were obtained in spite of the negative impact of the currency depreciation in Latin America and the economic slow down in this zone during the 4th quarter.

During the exercise ended January 31, 274 stores have been opened including 65 Zara, 47 Pull & Bear, 46 Bershka. By end of 2002, 1,558 stores were operating in 44 countries : 531 Zara, 296 Pull & Bear, 250 Massimo Dutti, 197 Bershka, 153 Stradivarius, 72 Oysho and 59 Kiddy's class.

In 2003, Inditex will invest ∈ 550 million in 260 to 315 new stores, expanding Zara in the U.S.A, Latin America and Europe, Kiddy's class outside Spain and it will launch new concepts such as Zara Home (household linen) and Often (fashion for 20 to 45-year old men).

The Spanish group expects its sales and net profit to grow by over 20% over 2006 expanding outside Spain and growing its sales there to 61% (39% in Europe excluding Spain, 15% in Latin America and 7% in the rest of the world) and to 39% in Spain compared to 46% in 2002.

UNITED KINGDOM

✓Kingfisher reports 2002 results.

For the full year 2002-2003 to February 1, pre-tax profits (before exceptional items and acquisitions) of the group were ahead 17% to ∈ 968.3 million. Operating profit of the retail activities increased 13% to ∈ 1.026 billion. Total sales increased 10.8% to ∈ 15.67 billion with a like-for-like increase of 2.1%. A loss of ∈ 337.71 million had a negative impact : it included ∈ 286.26 million due to Promarkt divestment and ∈ 51.45 million to the closing of Castorama Germany. Real estate capital gains amounted to ∈ 211.44 million. Net profit group share slid 6% to ∈ 250.92 million.

The group confirms the separation of Kingfisher's electricals business to be completed during the second quarter via the listing of a demerged company on the London Stock Exchange. The group will be divided into two distinct activities, electrical/furniture and home improvement.

Beyond its decision to sell activities held by Castorama in Germany, Kingfisher announced it is pursuing its exit options for Réno Dépôt in Canada, the country's fourth largest chain which operates 19 stores, Castorama Belgium, Castorama Brazil and Nomi (Poland) as its target is to be number one or two on the markets.

The Cost Price Reduction program, in application into B&Q for the third consecutive year, continues generating profits and was introduced into Castorama. It plans establishing partnership relationships with suppliers worldwide in order to improve prices and launch new product lines.

✓Morrisons, U.K's fifth supermarket chain with a 5% market share, posted full-year like-for-like sales of ∈ 6.69 billion, up 7.6% in 2002. Pre-tax profits rose 13.8% to ∈ 409.5 million.

In January, Morrison bade ∈ 3.8 billion for Safeway, U.K's fourth food retailer with a 10% market share. But, as its share course is declining, Safeway is

valued at ∈ 2.3 billion only. Moreover, Morrison will have to consider its position again as the deputy director general of fair trading advised that as in the cases of Tesco, Sainsbury's and Asda, the merger should result in a substantial decrease of competition. Morrisons was not cited.

Other candidates are Sainsbury (17% share of the market), Tesco (26%), Philippe Green and also Asda, a branch of the American Wal-Mart (16%). As the giant is aiming to expand in the country, it should have to take the control of Safeway and, consequently, to buy 29.9% of the capital very rapidly. On its side, KKR is no longer part of the battle.

The Fair Trading authorities are studying the situation and their conclusions will be official circa August 12th 2003.

NORTH AMERICA

UNITED STATES

✓Wal-Mart : its Sam's clubs (US$ 31.7 billion, 564 units) failed to grow its operating income. They slid respectively 2.4% and 0.7% in the third and fourth quarters and again 5% in the quarter ended February 16. Globally, profits remain stable at US$ 1.03 billion in face of its competitor, Costco Wholesale (412 clubs, US$ 37 billion, operating profit of US$ 1.13 billion).

In fact, since 1992, there were five consecutive ceo's who changed strategy each time. Currently, Sam's seems to come back to its base, families with middle-incomes –those who have built the Wal-Mart empire- with a new initiative « The Club of the Community. » This initiative is based on demographics : 43% only of its members have incomes above US$ 75,000 compared to 58% of Costco's. To attract them, buyers will have to work harder and introduce new products and prestigious brands because to surprise customers is also part of the strategy. Through this « Club of the Community », Sam's also aims the small and medium-sized businesses who will be again the top priority.

In order to make its individual customers loyal, prestigious and unusual items will be introduced in these clubs and a refurbishment program has been planed. Each department will be reclassified according to the type of customer it serves. Men's and women's apparel, fine jewelry and personal care products should be considered as « treasure hunts » offering mainly national brands such as Montblanc… Office supplies, furniture and food however will be refined in order to offer the best assortment for local firms.

Today, it is urgent for Sam's to find a vision and management that stick, especially since Costco, under the pressure of the economic situation, has begun showing its first difficulties.

Moreover, Sam's has to stabilize its piece of the Wal-Mart empire, as it does not account for more than 13.5% of total sales in 2002 from 15% in 2000, a percentage that should fall again in 2003. In fact, WM will open new supercenters overseas and Sam's expansion plans are modest with 15 new clubs only including 6 in Canada.

Source : Katherine Bowers, Women's Wear Daily

✓Do It Yourself : the female customers are more and more wooed.

Giants such as Home Depot and Sears are increasingly pursuing women with their respective concepts Expo Design Centers and The Great Indoors but it is not until the last few years that traditional hardware chains are interested in them.

Single women account for the second largest group of homebuyers after couples according to the national Association of Realtors. In fact, they are more involved than ever in DIY. A survey released last summer by Lowe's has shown that 94% of women homeowners complete a home improvement project on their own at least once every five years.

According to the activity's watchers, **Lowe's,** the first company taking interest in this kind of customers, is the most female-friendly retailer in home improvement. In the mid-Eighties, when the chain reconfigured its stores, it included a home decor department, which rapidly became a destination for them.

In 2000, according to a survey by **Home Depot** of more than 1,000 women, 37% declared that they would rather spend their week-end leisure time

working on a home improvement project than shopping (28%) or cooking (25%). It revealed also that the most popular activities for them would be painting, gardening and then wallpapering, flooring, window treatments, upgrading lighting…

For **Do it Best** « We believe women buy or influence the purchase of 80% of all goods in the U.S and probably a similar percentage in our industry. So we're trying to provide Do it Best retailers with programs and training to make sure they're both merchandising and professionally selling to the female segment. »

In the same way, co-op **Ace Hardware** introduced a new decor package into its stores more than a year ago and launched various marketing initiatives including its « Helpful Hardware Club » for 4.5 million households. In the same time, Ace does not forget its core customer, 30 to 60-year old men who account for about 65% of its current business.

In fact, several traditional retailers, looking to attract female customers, try to copy Ikea's formula as more than 65% of its customers is composed of women.

On their side, manufacturers are coming up with products specifically targeted to women, some are lighter or smaller.

✓ Spiegel filing for Chapter XI bankruptcy court protection as credit card fails. Sears announced that it may sell its Credit and Financial Products business and will take a decision during the second half of fiscal 2003.

US retailer and mail order firm, **Spiegel Inc,** founded in 1905, owner of the Spiegel catalog and Eddie specialty chain selling women's apparel at moderate prices, had been under pressure those past months. This failure mainly means that its customers could no longer use its third credit cards to shop for Spiegel or Bauer merchandise.

In 2001, 41% of the group total sales were generated with the company's preferred credit cards including 21% of Eddie Bauer's net sales, 73% of Spiegel's and 59% of Newport News' sales. The low percentage of sales on the Eddie Bauer's card reflects the higher percentage of sales in stores. Two years ago, Spiegel lost US$ 578.5 million compared to an income of US$ 120.8 million in 2000. Sales fell 15% to US$ 2.97 billion (including 2.3 billion in apparel) from US$ 3.53 billion one year earlier. In fact, sales declined at all three divisions : Spiegel was down by 12%, Bauer by 9% and Newport News by 6.4%.

Like all moderately oriented department stores, general-merchandise catalog operators met difficulties since the past several years. Thus, the big catalogs of Sears and Montgomery Ward usually sent to homes disappeared, a sign that consumers have changed their buying habits.

Facing the increasing lack of payments, **Sears,** the largest American department store chain, is planning to put its credit card operations on the block and will take the decision in the second half of fiscal 2003. It could fetch between US$ 6 and 7 billion. The Credit and Financial Products business manages the eighth largest credit card portfolio in the U.S with US$ 30.8 billion in card receivables at the end of 2002, and accounts for 25 million active accounts and approximately two-thirds of its total profits. It includes US$ 18.4 billion in its Sears Card receivables and US$ 12.4 in its Gold MasterCard.

✓Leisure activities: the 9 most popular categories among women 18 years and older for the past 12 months.

rank	categories	% of women citing this as their favorite leisure activity :	market worth (US$ bil)
1	Gardening	52	46
2	Swimming	35	2
3	Photography	26	15
4	Bicycling	22	5.9
5	Bowling	20	4
6	Camping	18	0.74
7	Adult continuing education	17	-
8	Jogging/ running	16	1.2
9	Fishing	15	-

Source : Scarborough Research

Shopping is absent from this list as many women consider it is not a pastime. Tennis is also absent.

ASIA

CHINA

✓ Carrefour will open Dia hard discounts on the continent and more generally in Asia.

The French grocer signed an agreement with **Lianhua** in order to create a joint venture whose 55% of the capital will be held by Dia. It will invest ∊ 15 million to open small grocery stores in Shanghai and in Beijing within the next two years. These stores will be 200-250 sq.m units offering 1,500 SKUs and 10% to 15% cheaper than hypermarkets.

Dia, born in France, already entered Argentina, Brazil, Portugal, Spain, France, Turkey and Greece and should devote ∊ 1.2 billion to 2,000 new stores worldwide by 2008.

Lianhua, founded in 1991 in Shanghai, is the largest Chinese retailer operating 1,300 units. It generates US$ 12 million profits on US$ 1.7 billion sales and expects opening at least 1,000 stores by 2003.

INDONESIA

✓Global consumer-goods giants have found a promising land. Most of the local brands have been bought by multinationals.

In Indonesia, currency slid 75% in the past six years and annual income per capita is US$ 760. In spite of poverty, political and religious turmoil, people consume. It is also the 4th largest nation with 220 million inhabitants. Moreover, the slide in the rupiah value makes Indonesia attracting because it is a low-cost country for investors. The government made investments easier and limited them to 49% on foreign shareholding in local companies. Moreover, to use Indonesia as a large export base is more sensible as new commercial agreements with Southeast Asian neighbours have lowered tariffs on the majority of products to 5% even less.

Consequently, most of the leading Indonesian brands have been bought by foreigners. Danone owns Aqua, the leading bottled-drinking water, Unilever owns Bangso (soy sauce) and Sariwangi (tea). The second largest maker of biscuits, Helios Arnot, belongs to the American Campbell Soup that transformed it into the leading brand in the archipelago…

Thanks to these brands, multinationals are making solid profits : Unilever profits will grow by 24% in 2003 to US$ 109 million on US$ 780 million sales i.e.-e the double of its 2002 profit growth according to the Crédit Lyonnais. Dutch baby-food giant Royal Numico, which bought Sari Husada in 1998, is the largest infant-food product maker, and saw its profits grow by 15% to US$ 33 million on US$ 148 million sales. Other foreign-owned consumer-goods makers are listed on the Jakarta Stock Exchange. Some of these brands have even a large impact on global results : Aqua, bought by Danone in 1998, that turns out 3 billion liters of water per year, accounts for 12% of the worldwide production of bottled-drinking water including Volvic and Evian.

To maintain this rate is a challenge especially since the fall of president Suharto in 1998. Billions of dollar investments in infrastructures, mining, and gas are all on hold because of terrorism and political instability. Factories are closing down because of competition from China generating unemployed. Private consumption growth, after having nearly doubling in 2001, may start falling in 2003 say researchers at ABM Amro Securities Indonesia. Multinationals are preparing for this downturn and they look rather confident in their sales and profits growth in the region. *Source : Michael Shari in Jakarta for Business Week*

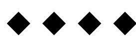
SOUTH KOREA

✓The credit card crisis.

Consumer credit has booming since the Asian crisis with 5 credit cards per person and accounting for 74% of GDP by fall 2002 from 44% fall 1998.

Now, as the financial firms did not control correctly the exponential growth of the outstanding discounted bills, the government decided by half 2002 to slow down consumer credit. The rate of bad debts of the 9 largest credit card companies increased from 5.8% in 2001 to 8.8% in 2002 and to 11.1% end of February 2003. The same firms registered a US$ 1 billion loss in the second half 2002.

The government is thinking to play a role in this situation facing the insufficient cash of the credit card firms. Under these circumstances, Korea Asset Management Corp (Kamco) could buy back up to US$ 4 billion bad debts.
Source : Objectif Corée



THE FALL OF THE ROYAL AHOLD HOUSE

Stock price plunged and top executives resigned on accounting irregularities.

After 25 years of operating in the United States, Ahold became a solid company with seemingly unlimited capital to grow through acquisitions. 2002 was a turning point in the expansion of the Dutch retailer, founded in 1887 in Zaandam (western Holland). On February 24, the world's third food retailer with US$ 75.7 billion sales in 2002 and 9,000 stores in 26 countries, announced that operating earnings at U.S.Foodservice for fiscal year 2001 and expected operating earnings for fiscal year 2002 had been overstated by an amount that may exceed US$ 500 million. The overstatements of the income required the restatement of Ahold's financial statements for fiscal year 2001 and the first three quarters of fiscal year 2002. Other accounting irregularities would have happened at its Argentine subsidiary Disco. The stock price plunged 70%. Ahold's president and chief executive Officer, Cees van der Hoeven and Chief Financial Officer, Michael Meurs, resigned. In less than four weeks, Ahold had lost its reputation, its value and its position in core markets.

Cees van der Hoeven had transformed this firm, that became the largest Dutch food retailer under Albert Heijn, gandchild of the founder in 1970, into a real food empire which expanded rapidly through acquisitions during the past 10 years. However, he did not realize how the American supermarket landscape had evolved under the pressure of Wal-Mart. Today, the time has come to evaluate properties and internal opportunities including to streamline assets.

Ahold in the U.S.

On the American continent, Ahold operates more than 1,600 retail stores, owns a foodservice activity, U.S.Foodservice, the second-largest food service distributor and a Web-based grocer (Peapod). As far as the beginning of March 2003, it had targeted to slowdown new operations in the U.S. and to focus on organic growth, the debt reduction and the improvement of its balance sheet. The second part of its plan was to continue to work on positioning its existing properties for the future while further differentiating its chains from the competition in categories including perishables, enhancing efficiencies, technology, supply chain and back office functions to build on the cost-savings and synergies.

In the U.S.A its activity is grouped in six retail operating companies, key supermarket chains located on highly concentrated markets of the Eastern coast. Its expansion grew as follows :

- 1977 : it entered the continent market while acquiring the Bi-Lo supermarket chain in the Carolinas and in Georgia. In 2001, the 445 units had US$ 3.6 billion sales.
- 1981 : it acquired Giant Food (Carlisle). In 2001 the 113-supermarket chain, 4,400 to 5,500 sq.m units, generated US$ 2.5 billion sales and in 2002, almost 50% of them were affected by the competition from Wal-Mart supercenters.
- 1988 : acquisition of the Finast supermarkets,
- 1991 : acquisition of Tops Markets, a chain of 376 stores with US$ 3 billion sales,
- 1994 : acquisition of Red Food Stores,
- 1995 : acquisition of Mayfair,
- 1996 : acquisition of Stop & Shop. In 2001, the 324 superstores and traditional supermarkets (6,500 sq.m units) generated sales of US$ 8.8 billion; some include gas stations and full-service pharmacies. Focus was on new prototypes of general

merchandise and a heavier emphasis on perishables.

- 1998 : acquisition of Giant (Landover) operating 188 supermarkets with US$ 5.1 billion sales in 2001,
- 2000 : acquisition of U.S.Foodservice, a foodservice activity for ∈ 3 billion and its ∈ 600 million in debt. The same year, it bought PYA Monard for US$ 1.6 billion and Superdiplo for US$ 1.25 billion.

The foodservice development was a major step for Royal Ahold for, within two years, it grew from a modest retailer to an operator with US$ 17.5 billion in the U.S. Cees van der Hoeven thought it was a great expansion and profit potential for it is an unconsolidated market in the U.S. He promised synergies between the food service and retail units as he saw great possibilities for each to enhance the other business. On the efficiency level, recent efforts had been brought on improving produce supply, centralized buying in non-perishables…

In 2000 also Ahold bought Peapod and it was a new diversification venture. Peapod, a home-shopping grocer, originally without warehouse or workforce to manage stocks and without supply chain, was in trouble. In fact, it had progressively to build its own warehouses, maintain a truck fleet and invest in marketing growing its costs. In 2002, the situation had changed and sales increased while costs fell.

- 2001 : it bought the 56 Grand Union supermarkets, then Alliant, a new foodservice company and also 187 Bruno's supermarkets (2001 sales : US$ 0.1 billion). With this last acquisition, Ahold bought liquor stores and gas stations.

In the American continent, Ahold total sales grew to US$ 49.5 billion including 26.3 billion (from US$ 23.2 billion in 2001) in the retail stores and US$ 17.4 billion in the foodservice activity.

In Latin America :

Other accounting irregularities at its Argentine subsidiary Disco were discovered. This country cost much as due to Ahold's Velox partner, in financial trouble, it had to pay ∈ 492 million to its creditors, which reduced global operating incomes.

In this zone, Ahold is active in 10 countries operating 750 stores. In Brazil, which it first entered in 1996, it owns Bompreço, the largest food retailer in the northern-eastern part of the country with approximately 119 supermarkets and G.Barbosa, a chain of 32 supermarkets and hypermarkets located in the same area. Their unaudited net sales in 2002 reached ∈ 1.3 billion.

In Argentina, it owns more than 236 supermarkets (net unaudited 2002 sales reached an estimated ∈ 762 million); in Chile 77 stores, in Peru 32 supermarkets and hypermarkets (∈ 243 million sales) and in Paraguay 10 (∈ 36 million sales), totally approximately 120 supermarkets under the Santa Isabel banner.

In Central America, Ahold signed a joint venture agreement (CARHC) with La Fragua and CSU to jointly expand their retail activities in the Central American republics, i.e. more than 275 units in Guatemala, Costa Rica, Honduras, El Salvador and Nicaragua. The whole branch represented ∈ 2.75 billion sales in 2002 or 3.8% of Ahold global sales.

In the end, Ahold intends to divest its South American operations : Brazil, Argentina, Peru and Paraguay in order to concentrate on its mature and most stable markets and to generate funds to pay its debt down. It is already in discussions on sale of the Chilean operations of Santa Isabel.

Ahold in Europe.

Ahold operates approximately 7,000 units in 13 countries including 2,300 in the Netherlands under various banners including Albert Heijn, Gall & Gall, Etos...

- **North Europe** : Sweden, Norway, Denmark and the Baltic States form a region accounting for up to 85% of Ahold's total activity, with 3,000 outlets operated in partnership wit ICA, the largest Scandinavian food retailer.
- **South & Central Europe** : 1,150 stores including 620 Supersol supermarkets and Hipersol hypermarkets in Spain, approximately 200 Pingo Doce supermarkets and Feira Nova hypermarkets in Portugal, more than 200 Albert supermarkets and Hypernova hypermarkets in Poland and about the same figure in the Czech Republic.

In Asia, Ahold operated 400 Tops supermarkets including 285 in Thailand, 88 in Malaysia and 27 in Indonesia.

Warnings on its results succeeded in July and November 2002. At the end of the second quarter 2002, Ahold scaled back its earnings estimate for the year from a 15% gain to a 5% to 8% advance blaming problems in Argentina. By the third quarter, net earnings per share outlook was negative. Facing this problem and the slowing sales worldwide, Ahold declared that it would have to sell non-productive assets in order to strengthen its financial position. In the beginning of February 2003, the company announced it was in discussions to sell Santa Isabel in Chile. In the Netherlands, in February also it sold De Tuinen, operating 65 stores selling natural, diet and beauty products.

Cees van der Hoeven's method consisted in the following formula : when entering a new country, it took a more or less minority stake in a local retailer. He maintained the banner, Ahold bringing its know how. Until 2000, acquisitions were financed by shares. Thanks to a new acquired company it could increase its results. But « This model worked as long as Ahold bought banners that grew its results but in the end it was a forward relentless strategy.» declared Thierry Chassaing, senior vice president of the Boston Consulting Group.

Between 1997 and end 2000, Royal Ahold net worth amounted to ∈ 1.8 billion on a ∈ 2.7 billion debt. End of 2000, they grew to ∈ 3.1 billion but the debt had increased to ∈ 11 billion and today to ∈ 12.5 billion. However, under van der Hoeven, elected « Retailer of the Year » in 2001, sales have been multiplied by six in ten years, profits by nine and its stock exchange value by 18 before it plunged on February 24th, 80 million shares being sold.

In 2002, its sales amounted to ∈ 72.7 billion including 60 in the USA, 31.9 in Europe (including 14% in the Netherlands), 3.8 in Latin America and 4.3 in various countries (Asia…). Its major challenge lies in survival. Henceforth, Ahold announced that it succeeded in obtaining an additional ∈ 3.1 billion syndicate bank borrowing. Ironically, Ahold was qualified as a white knight for taking over Kmart a few months ago; today, Carrefour, Auchan and Tesco could be interested in some of its assets.■

Japanese department stores try to reverse their decline

After a continuous decline during five following years, prominent chains of department stores restructure their activities and rethink their strategies in order to regain the lost ground in the retail market. New management initiatives are launched for economies of scale as in 2002 their sales fell 2.3% (like-for-like sales were down 2.7%) to US$ 69.5 billion according to the Japanese Association of Department Stores. It represents a 14% decline compared to the peak level of US$ 80.9 billion in 1991; at that time, 292 units were operating.

Apparel sales were as high as US$ 27.6 billion or 6.1% under the 2001 level (or 7.7% under 1991 level) but they still accounted for 39.7% of sales or the largest sales generator. Women's apparel sales were down 1.6% from 1991 with US$ 17.75 billion, men's wear US$ 5.34 billion (down 35.3% below 1991 revenues) and children's wear US$ 2.13 billion (down 16.3%).

Competition in the apparel sector has been hard for the past ten years on various fronts : the specialty store development and the expansion of the luxury and prestige brands from Europe and America who have opened their own shops. Even the « basic » apparel has been impacted by accelerating deflation. The bursting of the « bubble » economy pushed that the sector's market shares have been grabbed by stores selling lower-priced apparel and department stores have been located in the middle.

A recent survey by the government shows that the monthly consumer spending in 2002 were as high as US$ 2,755 per household, falling 0.2% from one year earlier and for the fifth

following year. Of this total, apparel and shoe investments accounted for US$ 131.86 down 0.1%. Consequently, department store chains recently began adopting some cost-saving and consolidating measures.

- **Seibu Department Stores** has developed a restructuring plan focusing on the workforce reduction by almost 40% and the assets sales in order to cancel its debt of nearly US$ 2 billion.

- **Mitsukoshi** is merging its four department stores units (Nagoya, Chiba, Kagoshima and Fukuoka) in order to constitute a greater Mitsukoshi. The firm is restructuring and consolidating its other activities in food, restaurants, real estate, etc… It sets itself as target US$ 7.32 billion sales in 2004 from US$ 5.6 billion in 2002.

This change in its structure should boost operating income to US$ 187.5 million in 2003 from US$ 108.3 million in 2002. The second phase of its plan covers the fiscal 2004 through 2006. It tends to reorganize the activity, close unprofitable units, and invest in new sectors such as opening a new flagship in Tokyo in 2004 and a specialty store in Nagoya in 2005. It aims to generate a consolidated operating income of US$ 250 million or more than 3% of its sales by 2006.

The number of its visitors fell during the first half of 2002 by 3.8% to 59.9 million while the average basket averaged US$ 26.20 falling 0.1% from a year before. During this period, women's wear sales slipped 0.3%, men's wear 6.5% and children's wear 3.7%.

- **Takashimaya**, the largest Japanese department store chain : its sales fell 1.7% in 2002 to US$ 9.83 billion and consolidated operating incomes about 15% to US$ 125 million. In 2001, the chain had launched a three-year program, ended in 2003, which enhanced the brand. It includes new brand promotions developed in collaboration with apparel manufacturers and customer data research.

- **Isetan** is one of the Japanese department store chains to focus on forward fashion for the young people. It also launched a three-year plan in 2001 that emphasizes growing profits in its department stores and gaining strength as a group. While it wants to venture into new activities to fuel its expansion, it opens stores in shopping centers and develops fashion specialty stores.

In 2002, its consolidated sales grew by 3.8% to US$ 5.13 billion and its pre-tax incomes by 10% to US$ 180 million following a 94.4% jump in 2001.

- **Matsuya** renovated its Ginza store two years ago under the theme « Fashion begins with Matsuya Ginza. » The firm sent buyers overseas to bring name brands to the store and transformed its floors into specialty departments and brands selected by theses buyers. In such a context, Louis Vuitton opened a shop in the first floor. The investment paid off in 2001 and the department store sales increased 8.6% to US$ 696 million after a 2.9% decline in the previous year. Operating profits more than double to US$ 12.3 million and pre-tax profits jumped 136.5% to US$ 10.3 million vs. a decline of 73.5% in 2000.

However, taking the depression into account, sales of the six months ended August 2002 slid 2.4% to US$ 403 million even if pretax profits increased 4.9% to US$ 6.7 million.

- **Daimaru** : the group sales fell 2.6% to US$ 3.23 billion but operating profits increased 3.1% to US$ 59.7 million in the six months ended August 2002. The firm is suffering from the deflationary price, the declining stock market prices and the lagging consumer spending.

- **Tokyu Department Store** is about to set a new system up which will unify products and suppliers, the store environment, customer service and also personnel, information, shipping and accounting operations. In the first half of 2002, its sales fell 6.3% to US$ 1.8 billion.

« Department stores have been groping for a new path. » declared Nobuyuki Ota, former president of the Council of Fashion Designers, Tokyo. « After all, their future lies in sharpening their specialties and staying in the forefront of fashion… » He adds that «a

department store must win recognition from the public for being a contributor to the promotion of « culture » not just being a shallow image of a business only concerned with per-square-foot sales value. » ■

Source : Tsukasa Furukawa, Stores & Shops

COMPETITION IN THE FOOD RETAIL TRADE IN EGYPT

Today, there are not many big-box stores as the country is still dominated by small shops and state-owned co-ops. Recently food chains appeared mainly in Cairo and in other main cities such as Alexandria.

Metro was the first foreign investor to enter the country in 1998. Sainsbury's from U.K attempted the market the same year in two ways, opening its own stores and in joint venture with Edge, a local partner having links with the governmental co-ops. It did not succeed and pulled out of Egypt in 2001 having misunderstood the local mentality and habits. Other foreigners entered Egypt such as the South-African Shoprite chain, relying on its experience in Africa, that rapidly opened stores.

Competition led by these new grocery chains raised the expectations of the Egyptians. It also changed their buying habits and was a major challenge to traditional food shops. Small Egyptian retailers woke up such as Alfa Market that began building new stores offering a better customer service or Ragab Sons that operates 5 stores and is using the services of Egyptian consultants to operate and raise them to the international retail standards.

Today, Metro is Egypt's largest food retailer with 16 stores in 3 main cities. Shoprite and Mahmal operate 6 supermarkets, Ragab Sons, Abu Zikri, Zahran and Alfa Market 5 each; Seoudi and Fathallah 4 each. Their sales area varies from 500 to 2,500 sq.m and their sales per sq.m between ∊ 20 to 40 per day according to the location, area, price… They all have the project to develop in a short term.

Carrefour has planned to expand in this country in partnership with Majid Al Futtaim from Dubai, a project that represents a total investment of US$ 325 million. The first hypermarket was opened in Cairo in December 2002 and a second one in January 2003 in Alexandria. They will soon be followed by 2 new units in the capital.

Majid Al Futtaim is a huge Middle-East conglomerate focusing on financial, real estate (hotels, shopping centers) and retail (hypermarkets) activities in the Gulf States. It already operates 10 Carrefour hypermarkets in the U.A.E, Qatar and Oman.

Hawary Market, an Egyptian supermarket chain, based in Cairo, will also open its first hypermarket in a 30,000 sq.m area (20,000 sq.m selling area) in the suburbs of the capital in 2003.

Investment in Egypt food retailing: refrigeration : 40%, construction : 31%, fittings/shelvings : 16%, equipment 13%.

To build a 500 to 1,500 sq.m supermarket needs an investment of ∊ 720 per sq.m including the building. ■

Sources: various including Hossam Talaat, General Manager of RIDG, Stores & Shops

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