GLOBAL RETAIL NEWS

LA LETTRE DE LA DISTRIBUTION INTERNATIONALE
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FEBRUARY 2013

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A few lines from our articles in
GLOBAL RETAIL NEWS
FEBRUARY 2013

■ **UNITED KINGDOM**
Qatar invests in the heart of London.

Everything started in July 2011, when the Qatar sovereign fund and Canary Wharf Group - a management firm partly controlled by another emirate's equity fund-, acquired a piece of land on the south shore of the Thames river close to Waterloo Station, for € 351 million. Recently, both investors unveiled a € 1.17 billion mixed-use complex, including housing, offices and retail spaces. It will require the competition authority's approval.

Qatar ranks in a pole position among emerging countries, which invest in the British capital city. The emirate is particularly active in the retail real estate sector: it already controls Harrods department stores and, since last summer, the Shard Tower, which is the tallest building in Europe. ■

■ **BRAZIL**

Abilio Diniz wants to sell his stake.

Abilio Diniz, currently non executive director of Grupo Pao de Açucar (GPA) and no longer member of the Board, sold 30% of his preferential shares with voting rights mid-January, for € 550 million. He also acquired a 3%-stake in Brasil Foods, the country's largest food manufacturer, according to Les Echos. The businessman, son of GPA founder, is also discussing to be appointed president of the Brasil Foods Board. Through this operation, he would become one of the biggest suppliers of GPA, which is now fully controlled by the French Casino from an operational point of view. Abilio Diniz, whose participation would amount to € 1 billion, launched a request for arbitration on the agreement implementation between himself and Casino.

Those tensions are linked to June 2012 events, when Casino took a majority stake in the firm. At this time, Abilio Diniz tried to ally with Carrefour in order to counter Jean-Charles Naouri's plans. The French group positioned its own team to take the operational control: Arnaud Strasser became vice-president and Christophe Hidalgo, who was previously Chief Financial Officer of Exito in Colombia, was appointed CFO.

Since late June, some negotiations related to Abilio Diniz's possible retreat are in progress, according to Valor Economico. They would review the sale of 60 Brazilian stores, which he personally owns, the GPA headquarters, and especially Via Varejo, the non-food subsidiary specialized in electronic goods. Following Casas Bahia and Ponto Frio purchases, its net result amounted to € 25 million in the 3rd quarter: it was multiplied by 8. ■

■ **INTERVIEW**

"Since 2011, the retail sector saw a raw of mergers and acquisitions in the Gulf countries."

With 44.8 million inhabitants and an expected 2.6%-GDP growth by 2016, on average, the Gulf Council Cooperation countries (i.e. Saudi Arabia, UAE, Kuwait, Oman, Qatar and Bahrain) attract many international retailers. Global Retail News met Mahboob Murshed, managing director of Alpen Capital and Simon Thomson, Retail International founder, to review the current stakes of the sector.

GRNews: What is the macro-economic landscape in the Gulf region?

Mahboob Murshed: The population is young and fast-growing. In 2011, it amounted to 44.8 million, i.e. a 4-million uplift in three years. According to Arab News, the average age in the six Gulf countries stood between 25 and 32 year-old in 2010. The population growth is likely to reach 3.6% in 2012 and it should maintain until 2016.

This population is also increasingly urbanized with 75% in the Gulf living in urban areas... in Qatar and Kuwait, it is almost 100%. Finally, it includes a large number of expatriates: they account for 70% to 90% of the Gulf inhabitants. For the past 10 years, their proportion rose faster than the total population: they have played a key role, as engines of the modern retail expansion.

In 2011, the Emirates' GDP per capita sat at the same level than in the U.S. and exceeded the major European economies. Such economic prospects attract international brands...

GRNews : How is doing the retail sector?
Mahboob Murshed: In 2011, it recorded good results with $ 186.7 billion in sales. Between 2004 and 2008, it grew by 20% per year. By 2016, it is due to annually rise 7.7%, to $ 270.3 billion... With hot weather conditions, cultural and religious norms limiting recreational and social activities of people -especially women in certain parts of the region-, shopping has become a top leisure activity for the GCC's youth.

GRNews: In 2011, grocery big box sales totaled $ 35.9 billion, up 16.3%. What are their characteristics?
Simon Thomson: This sector is led by global giants, like Carrefour, partnered with Majid Al-Futtaim, the Egyptian Spinneys (from English origin and founded in Cairo in 1924 but now under various owners in the world), or Group Casino, present since 2001 through a joint venture with Fu-Com International... In 2012, both French groups expanded their networks via small format units... Meanwhile, Spinneys established retail outlets in new community centers typically located in the outskirts of cities and significantly strengthened its market share.

The sector also includes local firms such as the giant Emke/ Lulu Group, Al Madina, Al Choithrams and Maya. In Saudi Arabia, the most densely populated country in the Gulf with 28.8 million inhabitants, the 50 hypermarkets tend to anchor the larger malls typically located in Riyadh, Jeddah and the Eastern Province conurbation centred around Al Khobar.

To read the complete article, please contact:
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