ACROSS
THE EUROPEAN PLACEMAKING MAGAZINE

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15 YEARS 2008-2023 ACROSS ANNIVERSARY YEAR

VALUATION

TRANFORMATION

WHY A NEW APPROACH TO VALUATION IS NECESSARY TO TRANSFORM ASSETS INTO STATE-OF-THE-ART PROPERTIES.

ROUNDTABLE VALUATION IS MORE THAN STATISTICS, BUT ASSET MANAGEMENT COMES FIRST
REPURPOSING HOW UNION INVESTMENT IS CONSIDERING THE VALUE CHAIN HOLISTICALLY
REVITALIZATION WHY HBB IS FOLLOWING A SITE-SPECIFIC APPROACH

Increase profitability and productivity with a tenant experience platform

Organisations using our all-in-one solution in daily operations, retain tenants, reach ESG goals and increase profitability.

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- Sending newsletters
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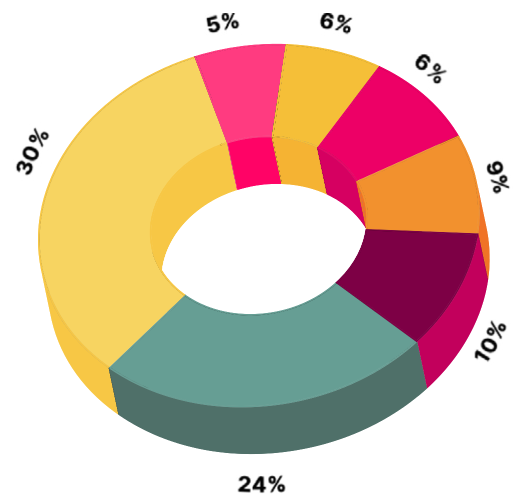
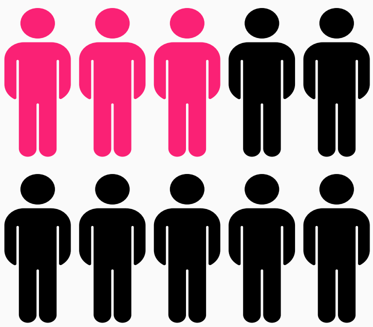
- Collecting turnover data
- Processing booking requests
- Contact with service providers





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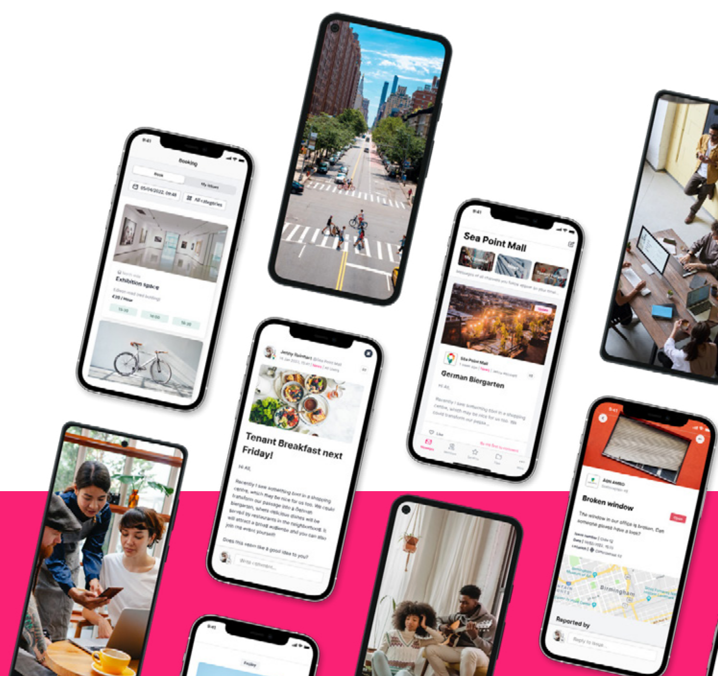

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DEAR READER,


IMAGE: ACROSS


IMAGE: ACROSS

Retail real estate is undergoing a vast transformation. Developers have traditionally built retail spaces in areas with significant residential communities – a phenomenon reflected by the common trend, “retail follows rooftops.” Developers are taking this trend further by building under the rooftops and converting apartment lobbies in high foot traffic areas into public retail spaces. Mixed-use is the dominating trend within the industry.

Offline retail continues to experience a cultural shift. Although human connection and personalization is essential for many retailers—and shoppers—, many larger brands still need a strong identity for successful omnichannel execution. On top of all that – and in addition to the ongoing economic and political whirlwind – comes the ESG challenge.

There is a need for new valuation and transformation strategies. This online special highlights outstanding initiatives and discussions from industry leaders and companies.

The latest ACROSS roundtable discussion between Klaus Striebich (RaRE Advise), Steffen Hofmann (Ambas), Jean-Christophe Bretxa (METRO PROPERTIES), Tijana Elez (MPC), and Henri Eisenkopf (Union Investment) sheds light on how market developments change the mechanisms of valuation. To find the “right” price for retail real estate, a clear vision, realistic business model, professional data, and expertise are essential. Union Investment is changing direction for the better by considering the value chain holistically. The key driver for this is ESG. In a detailed focus topic, Managing Director Henrike Waldburg explains the corporate positioning, how Union Investment understands transformation, and why it is worth investing in transformation from a financial and social perspective. Five case studies show how she and Union Investment put this into practice. Furthermore, learn how big industry names like SES, HBB, and Kaufland converted their centers and locations into state-of-the-art shopping destinations.

Enjoy reading the Online Special!

Yours sincerely,

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THE WINNING FORMATS OF 2023 /// ACROSS RETAIL TALK: NOVEMBER 8TH 2023, 4 PM (CET), ONLINE/ZOOM

Outlets, retail parks and Food anchors – they are the winning formats of 2023! But why? Learn about their recipes for success.

Register here!

2023 was a challenging year for the industry. The challenges make many struggle and some players and formats were not able to survive. But where there are losers, there are also winners.

This ACROSS RETAIL TALK sheds light on the winners and what they do right. Especially Outlets, Retail Parks and Food Anchors showed an outstanding performance during the past years. What are their principles? What can other formats learn from them? What are they already doing for their future success?

The discussion is held by a panel that is firmly anchored by leading experts from different industries including representatives from Outlets, Retail Parks and Food Anchors as well as from the field of data research. Klaus Striebich (Moderator; RaRE Advise) and Reinhart Winiwarter (Managing Partner ACROSS Magazine) welcome a top-class panel including the participation of:

- Romina Jenei, CEO Regio Plan Consulting
- Israel Casanova, Managing Director Spain & Portugal at Redevco
- Thomas Reichenauer, Co-Founder and MD of ROS Retail Outlet Shopping
- Angelus Bernreuther, Head Of Investor Relations at Kaufland

Our Commitment to **sustainability**

MPC PROPERTIES

ASSET MANAGEMENT COMES FIRST – VALUATION FOLLOWS ACCORDINGLY

In the most basic sense, market value refers to what someone is willing to pay for something. At first glance, valuation seems more like a matter of mathematics or calculation. That may have been the case for many years, but it is no longer so. These days, we are all faced with many challenges and requirements; we see matured and saturated markets and short-term changes in financing and generating revenue streams. During times of complete information and transparency, valuation may be either the problem or an opportunity to manage and cope with the given situation. Klaus Striebich, Managing Director of RaRE Advise and Head of the Advisory Board discussed the issue with four international market leaders. He opened the debate on the methods, procedures, and drivers of valuation. The outcome: Valuation is much more than an instrument and entails more than managing Excel files. It describes how you view your property. As a result, it is always a reflection of your asset management strategy.

IMAGE: STRIEBICH

KLAUS STRIEBICH (MODERATOR)

Klaus Striebich is the Managing Director of RaRE Advise and the Head of the ACROSS Advisory Board. In this role, he regularly discusses important industry topics with the board members and thus promotes exchange and collaboration within the placemaking industry. Klaus Striebich has extensive experience in the retail and real estate industry. Real estate development, business development, feasibility studies, and asset management are among the key areas he has been responsible for in recent years. Striebich began his career at Kriegbaum Unternehmensgruppe in Böblingen, where he last held the position of Assistant to the Board Member for Real Estate and Expansion before joining ECE in 1992 as the Object Manager Leasing. At ECE, he subsequently served as the Regional Director Leasing. From 2003 to 2017, he remained in that field as the Managing Director Leasing before becoming the Managing Director of RaRE Advise in 2018.

HOW TO LOOK AT VALUATION

Valuation comprises timelines, perspectives, future developments, and plans. Looking into the actual operational praxis, the classical way of price finding through supply and demand differs from finding a price for a retail real estate asset. Nevertheless, the way market players look at valuation and how it takes place varies throughout the industry.

HENRI EISENKOPF: Regarding valuation, the most important perspective for Union Investment is that of our fund investors, as the valuation of the underlying property is one of the key determinants of the fund share price. Most of our open-ended public real estate funds are valued on a quarterly basis, so valuation plays a vital role. To manage valuations, we provide full transparency to our external appraisers through a fully digital and integrated workflow. The appraisers receive a complete data info pack that includes up-to-date rent rolls, a forward-looking business plan, a capex plan, etc. Doing so has enabled us to establish a very efficient system that has been up and running for roughly 10 years.

JEAN-CHRISTOPHE BRETXA: We take a different approach: At METRO, we do not book our assets at market value. As a wholesaler, we book our properties according to historical cost and depreciate them. Nevertheless, we have to perform valuations to check whether our book values are reasonable compared to the market. We perform what is known as an impairment test. The team looks for events that might cause the market value of the property to deteriorate. If, according to the valuation, the market value is lower than the value reported in our books, we may have to book an impairment. It is a very structured process. We primarily conduct it internally and with selected external appraisers, but the basis is, of course, our database.

TIJANA ELEZ: To avoid repeating what has already been said: MPC Properties' perspective on valuation closely aligns with what my colleague from Union Investment has said. We conduct annual valuations in order to maintain the accuracy of our asset assessments. Valuations are carried out more frequently if certain reasons require us to do so. Despite the relatively high level of inflation in Serbia, we still find ourselves on a promising path. Our rental income re-

IMAGE: METRO PROPERTIES

J.C. BRETXA, METRO PROPERTIES

Jean-Christophe Bretxa has been working with commercial real estate for over 30 years. He was appointed Managing Director and Chairman of METRO PROPERTIES Mall & Highstreet in January 2023. This branch is dedicated to shopping centers and high street properties. Before the split into two entities, he was the CEO of METRO PROPERTIES from June 2012 until December 2022. He joined METRO PROPERTIES as the Regional Director (Western Europe) in June 2011. Before that, Bretxa worked for the international property company Redevco, where his last position was as the Managing Director for France and Switzerland. He worked at Axa Reim until 2006, where he was responsible for 12 real estate funds. Bretxa began his career in 1988 as the Director of Property Services with the French department store company Printemps. He then held various real estate management positions at the French hypermarket chain Continent (Promodès) and the retail giant Carrefour. He received his civil engineering degree from Ecole Nationale des Ponts et Chaussées and graduated from Ecole des Hautes Etudes Commerciales in Paris.

mains stable, with no significant rental discounts, ensuring a steady cash flow. To date, we have not faced the evolving market challenges seen in some other European countries. Nevertheless, we are well prepared to navigate any forthcoming shifts in market conditions, while actively seeking new investment opportunities within our property portfolio. Our valuation method for most assets employs the income approach. We use the market value for accounting purposes.

BRETXA: My role is more on the operational side – trying to create value from our properties. My observation is that most valuation methods, especially the discounted cash flow, do not reflect the properties' value or their potential. To me, the discounted cash flow is short-sighted. The impact of the discount is so high after three or four years that what happens in the long term is more or less not taken into account. Furthermore, the market has changed in terms of lease structure. The days of presenting 15-year lease contracts to our banks as securities for cash flow are over. We have shorter leases, pop-up stores, and specialty leasing. Valuators argue that this is not sustainable income. Discounted cash flow in high-inflation countries like Turkey is also challenging. From our recent business activities, we have learned that discounted cash flow works in the Western world, where there is stability and relatively reasonable inflation. However, when you are in other jurisdictions that are much less stable, there is no guarantee that it will work.

HOW TO FIND THE RIGHT PRICE FOR RETAIL REAL ESTATE

It quickly becomes apparent how different valuation methodologies are and that there are different reasons for valuation depending on your role. There is a range in valuation. However, if people want to exchange goods in the market, they have to meet somewhere. That somewhere is the market price.

STEFFEN HOFMANN: People meet at a certain price, at a certain time, and under certain conditions. At that moment, the market price is not necessarily identical to the valuation. My job as an advisor is to understand and reconcile the differences between the financial assessments of the vendor and the purchaser and to guide the parties to a favorable price. Owners have different values on their books at different points in time. Potential purchasers may have their own investment approach. Added-value investors looking to acquire an asset for the next three to four years will arrive at a different asset value projection than a long-term holder, such as an evergreen fund vehicle, which has a longer-term perspective and sees the evolution of the land value across a 20- to 30-year horizon because it sees a city growing in a certain direction. Furthermore, investors weigh geopolitical risks and potential ESG implications differently. Transaction activity has slowed down, because willing purchasers, who are ready to embrace the uncertainty and risk associated with the current market setting, do not meet valuation-driven price expectations of those willing to sell.

The cash flow projection of a vendor who wants to dispose of an asset differs from that of a purchaser who sees potential in an asset. The latter may have an asset management initiative in mind that the current ownership did not believe in. He may have access to a tenant who can be very beneficial for that asset and replace former ones.

HOFMANN: That is correct. I am convinced that 90% of the time, a vendor's valuation will differ somewhat from a purchaser's valuation due to differences in business plan ideas. However, that does not change the fact that they still have to agree on a certain price level that will ensure that the transaction goes through. Valuation is a professional discipline, but it is as much of an art as it is a pure financial discipline.

EISENKOPF: The key question to consider is: How do you implement your valuation guidelines and philosophy, and what do investors expect from the valuation and the fund as an investment product? Since we have quarterly target dates, our valuations move on a permanent basis, but at a slower pace compared to annual valuation rhythms. Regarding methods: From our perspective, the valuation methodology is secondary, whether you use an income approach, discounted cash flow, or other models. What is more important is the quality of the incoming data and the knowledge of the asset and the market. We try to communicate our business cases to our external appraisers. What ideas do we have about the asset for the upcoming years? Where do we want to generate an upside? Hence, we provide them with a full data set, including figures on various retail sectors and developments, etc., thereby enabling them to get a full picture of how we see the asset.

BRETXA: The value depends on what the purpose of the valuation is. The notion that real estate has a price is an illusion. There is a big misunderstanding about whether a specific model can calculate real estate. The potential transformation has to be included. A calculation can significantly change when the use of a shopping center is changed.

ELEZ: While there may be a wealth of data, the quality and accuracy of that data can vary widely. Assessing which data is reliable and relevant remains a challenge. Likewise, valuation often involves subjective judgments, such as assumptions about future cash flows or discount rates. Having all the information does not eliminate subjectivity, as those judgments can differ among experts. Therefore, our main goal is to provide quality data as well as how we view and feel about the project to experts, which will bring us closest to the asset's "objective" value.

RETAIL HAS DONE ITS HOMEWORK

As soon as we open a financial newspaper, we are confronted by the fact that inflation is high worldwide and that central banks want to pull a great deal of money out of the system in order to calm the economy and raise interest rates. Despite central bank policies and global challenges, there are positive signs, particularly in retail, where KPIs are growing stronger. Compared to other real estate asset classes, retail seems to be back on track.

HOFMANN: We all agree that there is movement in valuations on the books of many investors. My opinion: Money was too cheap. Interest rates of 4.5% are not unusual from a historical perspective, and 4.5 to 5.5% total debt financing costs for real estate is not unheard of. What caught the market by surprise was the rapid pace of that interest rate change and the fact that the leverage effect was suddenly no longer return accretive. As a result, there is an ongoing correction in value in most asset classes. In the office sector, for instance, the interest rate turnaround is compounded by a disruptive effect from the trend toward working from home. In some ways, the office market is going through what the retail market experienced eight years ago, when property owners noticed an increasing shift from physical retail to online retail. That shift impacted the affordability levels of rents at physical shopping places. It also meant that forward-looking income projections assumed lower rents for the future. While all of that was going on, COVID-19 hit the sector. Many people assumed that physical retail would never bounce back – but it did.

One consequence of COVID-19 has been a differentiation in the market. Some assets have become irrelevant, while others have benefited from less competition and a long-term strategy. What the winners have in common is that they have taken the time to understand what type of physical retail space they want to focus on in the future. As a result, they are expanding again.

HOFMANN: Retail is at a really fascinating point in the cycle. Income profiles have stabilized. KPIs at asset level look positive. Slight rental growth should soon be returning to the sector, which is completely different from the effect we are currently seeing in the office sector. Once again, all asset classes are currently experiencing price corrections due to the shift in interest rates. However, the value adjustments start at very different levels. Retail cap rates have been on the move since 2017 – at least in the shopping center sector, where cap rates for prime assets have moved from a historic low in core Western Europe of around 3.75% in 2016 to around 5.25% in the summer of 2023. Income risks have been repriced. COVID-19 risks have decreased. In addition, the moderate use of debt financing can still be return accretive in some cases. Relatively speaking, the change in interest rates is unlikely to cause the same degree of price correction that we have observed in other sectors.

It is important to understand what type of investment I am looking at. Is it for my solid long-term shopping basket? Do I need to convert the retail space to another use? If so, I had better talk about a residual valuation, because I will have to factor in the cost of converting the space to another use over time and will lose income during the construction phase. Alternatively, does the asset lie somewhere between the two and appear to be a bit shaky, then become stabilized with the help of a good asset management strategy?

HOFMANN: Despite all of the noise out there, we have entered a phase in which the retail real estate market is recovering. That is not to say that everything is easy, but the asset-level KPIs that we are seeing are encouraging. We have a much clearer view of the part of the market that should fully occupy physical retail spaces at decent rent levels for the future. For the first time in five years, owners and occupiers seem to be in agreement on what type of assets they are. That is a much nicer picture than what existed both before and during the COVID-19 outbreak.

EISENKOPF: I agree, there was a time when retailers had quite ambitious expansion plans and investors built too many retail units in some cases. That was followed by a growing e-commerce sector, the effect that COVID-19 had on physical retail, and the need for both tenants and investors to cope with rising costs and inflation, and to find good solutions for ESG strategies. At Union Investment, we always try to adopt the future developments and trends of the different sectors and to adjust our business plan accordingly, especially in terms of rental values and required investments. That is why we do not see relatively uniform volatility in our valuations. In terms of valuation and pricing, it is quite obvious that polarization within the transaction market is stronger than ever before. We saw this in the leasing markets several years ago. Anchor tenants only chose the best locations and centers in the catchment areas in which they wanted to expand, and clearly deselected others if they could not find the right locations and units. That is exactly what is happening on the investor side as well. The pricing gaps between trophy assets and prime assets are more pronounced today than they are for the second and third-best assets in a city. The latter assets may require different uses to transform them into sustainable real estate, i.e., mixed-use assets. In the midst of this polarization, we are still operating on a positive leverage effect with regard to shopping centers, which is not the case for all other asset classes at present.


IMAGE: UNION INVESTMENT

HENRI EISENKOPF, UNION INVESTMENT

Henri Eisenkopf is the Director Transactions Shopping Places at Union Investment in Hamburg, Germany and is responsible for the acquisitions and disposition of shopping places and mixed-use properties in Europe. Since 2018, he has been part of the retail investment management team, where he has covered investments in retail and mixed-use properties in Germany, France, Benelux, Italy, and CEE. Before his time at Union Investment, he was a Senior Investment Analyst at ECE Real Estate Partners, where he worked on acquisitions and disinvestments of European shopping centers. Prior to that, Henri Eisenkopf gained international market experience at JLL Korea in Seoul, where he advised national and international real estate investors on investments and dispositions in Korea in his role as Investment Sales Manager. In 2004, he started his career at DZ Hyp, the former WL Bank, focusing on commercial real estate lending.

FIND AND STRENGTHEN YOUR USP

What happens if you only have assets in the second-best category in your portfolio? How can a responsible asset manager or owner use valuation to shift that in the right direction?

EISENKOPF: It is about understanding the market and having a clear direction in which you should and want to move. For example: Is your target customer base and tenant mix more premium or more discount-oriented? How relevant and significant is your leisure share compared to others? You need to find your individual USP. Once you have defined it, you should keep building on that USP. You cannot be the best in every category. Asset management strategy and the business plan come first; and valuation follows accordingly. The point is to consider long-term market developments and medium-term asset performance. Consumer demand does not change overnight, so our strategy and valuation do not have to change overnight either.

ELEZ: MPC Properties has effectively cultivated USP for our assets. However, remarkable market transformations are underway in Belgrade. In response to those evolving dynamics, we are adjusting our strategies and investment portfolio accordingly in order to remain competitive. We have made measured adjustments to our refurbishment plans, recognizing the need for improvement in certain areas, such as leisure, entertainment, and restaurant offerings.

What should we focus on? We can now see that large food anchors, well-performing discount concepts, and luxury are doing exceptionally well. Why shouldn't we just combine the best-performing segments into one asset?

BRETXA: It is tempting to only focus on the segments that are performing well. When Westfield opened its first center in west London, they had no idea what to do with a particular area. They created a luxury mall in that shopping center and learned that there was a market for it. People are attracted to affordable luxury: as good as luxury, but at a reasonable price. This is an exciting development in the retail market. We need to watch those trends because those segments offer a lot of room for growth and innovation. Another interesting observation is that, for example, in markets like Poland and Turkey – not so much so in Germany – when we have major events, such as concerts, lotteries, and dance battles competitions, it is incredible to see how many people come out. Shopping centers can be places full of life.

With an emphasis on leisure, F&B, and events, shopping center managers have also tried to create non-shop revenue by renting out parking spaces for different occasions. Nevertheless, such income is not significant.

EISENKOPF: The more significant effects are not the additional revenues generated in the form of higher parking fees. The second-round effects are more relevant, which can be measured in terms of longer duration of stay and how often consumers connect with your center, as well as in terms of higher sales, e.g., for gastronomy and the leisure sector within the center. Regarding the sector focus: Shopping behavior has changed and is by far more heterogeneous than ever. Today, customers often combine the purchase of everyday goods and mass-produced goods with high-end and affordable luxury in different market segments. Customers use different grocery store formats ranging from discount to full-range to organic supermarkets, buy their basic equipment and trendy clothing from mass-market brands, and complement their outfits with luxury products. The same is true for F&B. The same customers will shop at your grocery store for lunch and dine at the center for two to three hours in the evening. Shopping centers need to find the right tenant and market segment mix depending on their catchment areas. Centers have changed accordingly over the past decade and will continue to do so. The pressure created by customer demand and retailers has helped us get to where we are today.

ELEZ: It is about constantly adapting, but radical changes are often unnecessary. The process involves a continuous commitment to staying attuned to market fluctuations. New, convenient concepts are developing all the time. For instance, consider the integration of children's entertainment with specific services for parents, for example, fitness, beauty salons, home decor, etc. Nowadays, it is about valuing experiences within a given center, rather than the rush-and-go mentality.

Nevertheless, we can accelerate this change or slow it down in order to intensify it. However, one obstacle remains for the industry: the lease contract. While they are often very complex documents, they still guarantee stable income.

BRETXA: You have to find concepts that attract new generations of customers, but big lease contracts do not create life. Innovative ideas and start-ups do not have lawyers to work through such lengthy paperwork. We have tried something creative in Poland via the "hOur Store". The idea is to rent out stores by the hour. We use units that are in the process of being transformed. We rent those spaces out like an Airbnb. It turned out that there was a demand for it. For example, we rented the space to a woman who made leather bags. She was selling her products online, but she could not afford a permanent store. She made bookings on a day-to-day basis. For her, it was a manageable investment. However, for us as a whole, we can get higher rents than with permanent contracts.

HOFMANN: There are plenty of well-functioning physical retail concepts out there. However, let's think about the broken retail bit for a moment, where we are trying to fill formerly used retail spaces with more suitable alternative uses. In some cases, the only proper use for such assets might be to slightly downsize the location and cut off the void from the remaining operation. As vertical retail has become less popular in many European countries, investors are increasingly thinking about space conversion options. The first thing that comes to mind is converting parts of the property into complementary uses, such as offices, a hotel, leisure, micro-housing, or a medical center. That certainly has good marriage value, and potential tenants would also want to occupy space at such a location. Who bears the cost of the conversion, however, has yet to be negotiated.

IMAGE: MPC PROPERTIES

TIJANA ELEZ, MPC

Tijana Elez leads the Financial Department responsible for controlling and planning financial resources at MPC, maintaining efficient financial operations, and following the latest trends in the industry. She is an experienced real estate finance professional with an extensive background in banking, corporate finance, real estate, project management, and syndicated financing transactions. Before joining MPC Properties, she spent more than 10 successful years in the banking industry in the real estate and syndicated loans segment. She arranged and handled structured finance transactions to acquire or develop major real estate projects in retail, office, residential, hotels, and other segments.

SECURING PREDICTABLE INCOME

It always comes back to individual needs and plans. Do you intend to sell your asset in 24 months because your fund has formally entered a wind-up period? If that is the case, the sellable asset needs to be "eligible". A meaningful WAULT and a certain occupancy level will be required, as will solid tenant arrangements that will make banks and financing partners feel comfortable.

HOFMANN: That is particularly valid when we look at premium inner-city shopping complexes or larger mixed-use assets. Those assets can be of enormous scale. The larger the deal volume, the more financing partners are involved. They usually do not want to be dependent on a newly opened leisure and entertainment concept that no one has ever heard of as the largest tenant with the longest lease. That can be a hurdle.

EISENKOPF: The roles of banks, financial partners, and investors are crucial. When the alternative use of an asset is discussed, decisions and analyses are always made on a case-by-case basis, depending on the property structure, the floor layout, the location, and tenant demand. We see high demand, for example, for medical care centers, community-driven co-working concepts, kindergarten, civic offices, and residential use. They value such locations because they are already community hubs. If you can create partnerships with those operators, ones that make sense in terms of your location and assets, you will be able to make a pretty strong case to your investors and the banks involved.

BRETXA: While I understand those arguments, I find them frustrating. I do not think our industry will change or grow if we do not manage to get rid of those extremely strong principles. I am surprised to see all the requests from financial institutions and banks regarding real estate – you can raise millions if you have a startup idea. To exaggerate: You can attend an accelerator, pitch for three minutes, then suddenly have people signing checks for 10 million euros. At the same time, we all see how much money has been burned in this sector. How can we manage to be as good as those guys in our industry? Do we need to have that kind of accelerator? I think we are way too conservative. We need to rethink the way we present our industry to capital markets and financial institutions, and present ourselves as a business with numerous opportunities, rather than always mitigating risks. We will lose our appeal and relevance if we continue to sell our projects and properties as products and virtually risk-free investments backed by thousands of guarantees. People will be less attracted.

ELEZ: Financial institutions maintain high standards when dealing with real estate investments. They have a set of specific requirements, with a strong emphasis on secure, long-term lease agreements, a steady and reliable cash flow, and a strong security package. Securing financing can be a challenge for smaller real estate investors. With that in mind, it is important to encourage banks, as our main partners, to explore a more adaptable structure. Furthermore, investors should explore different financing options, including private equity, crowdfunding, and joint ventures. Each option may have different implications for the property's cash flow and value.

Valuation can be an instrument for such a change. Is optimization in our day-to-day business possible with the help of valuation, or is it just a statistical instrument by nature? Is there a need for change in the methodology?

HOFMANN: If you want to move forward with an asset management initiative, you need to work together with your valuator. For example: An asset manager is considering investing 20 or 30 million euros in a property, because he or she has a great idea for a comprehensive asset management initiative. It is fair to ask what the valuators will say about it. Do they see the same value that we see? Committees try to understand the value implications of changes in the financial underwriting. What is the value if everything goes according to plan? What if things go a little better?

VALUATION

What if the plan does not work? That also relates to exit rate assumptions. In every discounted cash flow valuation, the day comes when you say, “I am going to sell.” However, to whom do you sell, and at what price level? Those are important factors when it comes to valuing your property. What is the optimal asset profile that you are aiming to create for the disposal period? Driving asset management initiatives also involves creating a profile that the market will buy into on the exit date.

THE INGREDIENTS OF FUTURE VALUATION

Bretxa: *Having a vision that people can trust and share is the most important thing.*
Eisenkopf: *Transparency, professional data quality, and a sustainable and realistic business plan and investment case are essential.*
Elez: *We need data quality, market knowledge, and professional expertise.*
Hofmann: *The track record of the asset and a compelling asset management vision for the future of retail.*
Striebich: *In addition, a clear focus on the customer should always be the starting point for every sale.*

TRANSFORMATION

"RETHINKING THE VALUE CHAIN"

Repurposing existing properties is a value-adding approach, benefiting both the capital market and users. Union Investment is changing direction for the better by considering the value chain holistically. Managing Director Henrike Waldburg explains the corporate positioning and why it is worth investing in transformation from a financial and social perspective.

ACROSS:* *FIRST, LET ME OFFER MY CONGRATULATIONS. YOU HAVE REACHED THE LEVEL OF EXECUTIVE LEADERSHIP AT UNION INVESTMENT, HAVING STARTED YOUR NEW POSITION THIS SUMMER.

HENRIKE WALDBURG: Thank you very much. I took charge of the asset management business area on 1 July 2023. The core function of this business area is to add value. This is accomplished by leasing, as well as by commercial and technical management and real estate project development. I am also responsible for sustainability – a burning issue at present, and one that we are deeply committed to. From the perspective of sustainability, our corporate objectives – mine included – can be broken down as follows: Basically, the world is ready built, and we need to make careful use of our limited resources and take a long-term view of how we want to design our environment.

ACROSS:* *THERE IS A HUGE PARADIGM SHIFT TAKING PLACE IN THE REAL ESTATE MARKET AS WE SPEAK. NEW CONSTRUCTION WAS PREVIOUSLY THE NORM. NOW, IT IS THE EXCEPTION – REFURBISHMENT AND UPGRADING HAS BECOME THE NORM.

WALDBURG: For many years, the capital market was driving the real estate market. Due to changes in inflation and interest rate policies, we are now seeing decreased transactions and new construction projects on a global scale. Moreover, real estate has always formed part of the economic ecosystem and the financial standing of its users is a useful indicator of the industry. The users are, in turn, affected by recessions and inflation, as well as real estate demand, requirements, and outfitting. We have recently seen many changes in this respect.

IMAGE: UNION INVESTMENT

Henrike Waldburg, Managing Director at Union Investment

It is worth investing in the transformation of your real estate portfolio: According to their baseline survey on "transformation properties" in the fall of 2021, Union Investment and bulwiengesa AG presented a comprehensive market analysis of this trending and future-relevant topic: **https://realestate.union-investment.com/de/im-fokus/transformations-studie_2022.html**

UNION INVESTMENT REAL ESTATE GMBH AT A GLANCE

Assets under management: *57.3 billion euros*

Real estate assets: *47.5 billion euros*

Real estate funds: *44*

Real estate properties: *494*

National markets: *26*

European and overseas sites: *10*

Employees: *484*

Current developments in own building stock: *5*
(in Brussels, Hamburg, Stockholm, Paris and New York City)

Further active project developments: *approx. 30*

TRANSFORMATION

ACROSS: ***WHAT HAVE BEEN THE MOST IMPORTANT CHANGES?***
WALDBURG: The professional world has undergone significant changes as a result of digitalization and the coronavirus pandemic. "New work" and "working from home" have become important topics. This sometimes necessitates user-based space adjustments. At the same time, the sustainability demands placed on real estate have increased significantly – not only at an investor level, but also for our leasing partners and the actual users of the properties. Now, we can answer the question of how to dovetail these with one another: User focus and user orientation on the one hand and sustainability on the other. We are uniting these concepts under the banner of transformation processes.

ACROSS: ***THAT SEEMS LIKE A MAMMOTH TASK.***
WALDBURG: Definitely – but the real estate industry must make a significant contribution for us to achieve our climate goals. After all, it is one of the largest consumers. New construction is always planned in compliance with national and EU specifications, but the actual construction requires massive resource consumption. Real estate portfolios will determine whether or not we achieve our climate goals.

ACROSS: ***THE WORD "TRANSFORMATION" IS ON EVERYBODY'S LIPS, BUT WHAT EXACTLY DOES IT MEAN?***
WALDBURG: Transformation does not have a firm definition. This is apparent when we look at the market. Even the smallest changes are referred to as "transformations". However, it is not possible for every re-leasing to be referred to as a transformation. One thing is very clear: this topic is very wide-ranging. For example, we have carried out immersive transformations for many years.

ACROSS: ***IS THAT THE SMALLEST FORM OF TRANSFORMATION?***
WALDBURG: Essentially, yes. We are talking about gradually adapting the utilization mix and integrating new types

DEFINITION OF TRANSFORMATION PROPERTIES: UNION INVESTMENT

The critical elements of the term "transformation properties" are:

- *Transformation properties are not defined by their utilization mix and may include both single-use and mixed-use properties, with mixed use increasingly becoming the outcome of transformation – partly because it promotes real estate resilience to market changes.*
- *Transformation properties are existing properties that have undergone significant changes to their building and utilization structure. In these properties, a minimum of 30% of the gross floor area will have been renovated and had its utilization changed.*
- *"Transformation light": There is an intermediate step to transformation that was detected during the current study, involving properties in which*
  a) the renovated area is less than 30% of the gross floor area, but the utilization of more than 30% of the gross floor area underwent a change, or
  b) the renovated area is more than 30% of the gross floor area, but the utilization of less than 30% of the gross floor area underwent a change
- *(Newly constructed) properties on areas previously used for traffic infrastructure and previous outdoor military areas are not classified as transformation properties.*
- *Properties that have been opened up to the real estate market for the first time (e.g., public schools and hospitals, industrial properties, or military properties) and have therefore undergone a complete transformation of the economic foundation and utilization are defined as transformation properties, irrespective of the structural changes.*

Union Investment market survey: https://realestate.union-investment.com/de/im-fokus/transformationsstudie_2022.html of usage. For retail, this means continuously expanding the mix of usage – such as by incorporating public functions. Examples from the office area would include the integration of gastronomic or conference offerings. Overall, immersive transformation aims to expand utilization in a way that synergistically complements the primary type of use and offers users added value. All of these tasks fall under the continuous asset management of a property.

ACROSS: ***YOU HAVE ALSO SPOKEN ABOUT TRANSFORMATION PROPERTIES. BUILDING ON THE PREVIOUS EXPLANATION, HOW DOES UNION INVESTMENT DEFINE THIS CONCEPT?***

WALDBURG: Union Investment has published two studies on transformation properties. During this process, we worked closely with bulwien-gesa AG to develop a definition. As such, we have defined transformation as a comprehensive functional and structural redesign that makes a property accessible for one – or more commonly, multiple – new types of use. Almost all property types may become transformation properties. Incidentally, almost two thirds of those surveyed confirmed that they considered transformation properties to be more sustainable than demolition or new construction. Transformation is also economically profitable. Increased energy efficiency results in cost savings and reduced CO2 emissions. Admittedly, the potential construction cost savings must be assessed on a project-by-project basis. However, when asked directly, approximately 60% of those surveyed stated that transformation properties could solve numerous problems arising from the ever-increasing construction and energy costs, as well as disrupted supply chains.

ACROSS: ***WOULD YOU GIVE US SOME EXAMPLES OF TRANSFORMATION PROPERTIES?***

WALDBURG: You can find examples of transformation properties in the retail industry, but even hospitals, hotels, or former office buildings may become transformation properties. The common factor is market adaptation resulting from a more or less fundamental change in the usage – frequently as a result of expanding the utilization spectrum and creating a mixed-use property. A key component is the selection of comprehensive reconstruction instead of considering demolition or new construction (s. Union Investment definitions box).

UNION INVESTMENT CRITERIA CATALOG FOR "TRANSFORMATION"

There are a variety of topics that play a major role in existing property projects that go beyond reducing CO2 emissions. Union investment has defined its own sample criteria catalog for this topic. The main topics are:

Criteria for transformation properties focusing on the economic energy balance	**Criteria for environmental improvement and holistic consideration of sustainability**
• Reuse of embodied carbon	• Environmental improvement
• Increase of building density on existing lots	• External areas
• Improvement of energy efficiency in the (existing) building shell	• Mobility / Infrastructure
• Use of renewable energies	• User centricity
• Minimization of energy and water consumption / energy-saving building services installations	• Construction process

TRANSFORMATION

***ACROSS:* WHAT IS THE OBJECTIVE OF TRANSFORMATION PROCESSES?**

WALDBURG: The objective of all transformation processes is to guarantee yield security throughout the entire lifecycle by leveraging future-proof utilization concepts. Crucially, the use and transformation of an existing property must contribute decisively to resource optimization in the primary energy sector. Moreover, transformation processes offer us the chance to broadly respond to sustainability challenges by adopting energy-efficient modernizations, environmental improvements, improved architectural and town planning quality, new mobility concepts, and the option of multiple use. We spend 90% of our lives in real estate – we really need to raise our expectations. There are no limits to the number of criteria we can include in the catalog (s. box).

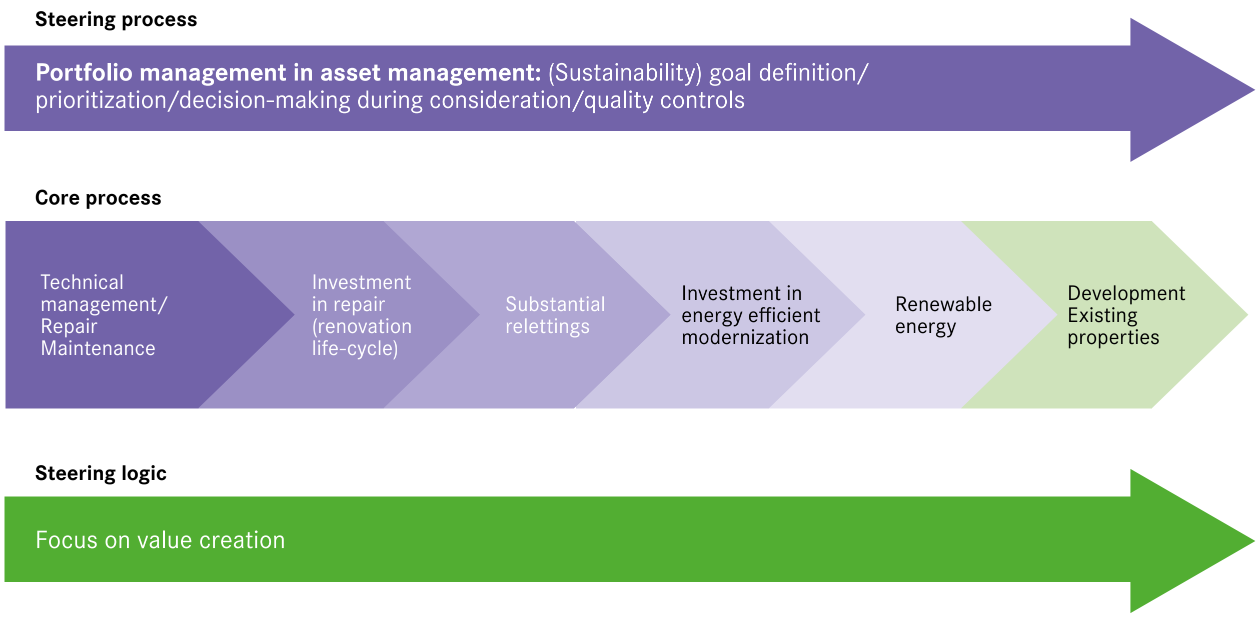
***ACROSS:* HOW DO YOU INTEND TO SATISFY YOUR INVESTORS?**

WALDBURG: As trustees, we are responsible for ensuring that these change processes and investments in existing real estate are profitable for our investors. This always involves active value creation, which in turn entails the uncovering of potential – primarily in the case of our own portfolios. If we execute a transformation process correctly, all parties will benefit equally. We therefore add value in multiple dimensions, including sustainability, on the one hand, but also revenue, on the other hand. Even urban developments benefit from transformation processes. Simply put – we need to rethink investment and the value creation chain.

***ACROSS:* FOR A LONG TIME, IT WAS THOUGHT THAT THESE OBJECTIVES CANCELED ONE ANOTHER OUT.**

WALDBURG: Absolutely not! Repurposing or redesigning has not always been more cost-effective than demolition and new construction in the past. The benefits of sustainability are obvious, and new legislature has significantly increased the economic attractiveness in comparison to new construc-

DOVETAILING OF PROCESSES TO IDENTIFY AND IMPLEMENT FURTHER DEVELOPMENT AND SUSTAINABILITY POTENTIAL IN EXISTING PROPERTIES



SOURCE: UNION INVESTMENT

tion. We believe that the current debate focuses far too much on the costs arising from sustainability initiatives. Instead, we primarily focus on our ability to create value and therefore concentrate on the underlying business case.

ACROSS: ***WHAT DOES THIS MEAN IN PRACTICE?***
WALDBURG: We constantly examine how we can combine sustainability and revenue potential. This may be accomplished in a variety of ways. Examples include the optimization or expansion of floor space. However, it is also possible to generate revenue by decreasing the ancillary costs, thereby increasing the net base rent.

ACROSS: ***WHO ARE THE STAKEHOLDERS INVOLVED IN A TRANSFORMATION PROCESS?***
WALDBURG: Climate protection is a team sport. This is the only path to success. It is imperative to create a common vision among all stakeholders – from the portfolio holders and investors to the project developers, across the entire construction industry, and right down to the property, center and facility managers. The cooperation of the public sector is critical to ensure the correct regulatory and legislative framework conditions. It is equally important to involve users and tenants. The actions of these parties significantly contribute to the actual conditions in real estate and the level of energy consumption. We are in constant communication with our rental partners. However, we need to drill down into individual conversations.

ACROSS: ***WHAT WOULD YOU LIKE TO TALK TO THEM ABOUT?***
WALDBURG: Ultimately, the conscious consumption of resources. This goes beyond merely abstaining from use. We need to set priorities. For example, do we really need to ventilate and cool a large office building around the clock? What adjustments can be made to ensure that these utilities are only available when the building is actually in use? This example also shows the importance of digitalization.

ACROSS: ***WHAT DOES A TRANSFORMATION ROAD MAP LOOK LIKE?***
WALDBURG: Our process is standardized, but the solutions are individually customized. This may include commercial audits, municipal economic analyses of the site, stakeholder analyses, legislative and political framework condition analyses, and even analyses of the building properties and technology. Our project development team includes 45 experts. In addition to being responsible for the technical management of the real estate portfolios, the team is tasked with advancing project development involving both acquisitions and the existing portfolio. Our colleagues working in this field are both procedurally and organizationally intertwined with the leasing team, the commercial colleagues, and our sustainability experts. Without this dovetailing, it is impossible to move anything forward – this is the only way to develop a business case.

ACROSS: ***THE INDUSTRY SAW SUSTAINABILITY AS AN ABSTRACT TOPIC FOR A VERY LONG TIME – IT HAS ONLY RECENTLY BEEN CONSIDERED PART OF OPERATIONAL ASSET MANAGEMENT. HOW DO YOU AIM TO INTEGRATE THIS TOPIC INTO THE COMPANY MORE DEEPLY?***
WALDBURG: Sustainability cannot and must not occur in isolation. Our sustainability team has set up the strategic guardrails and kept abreast of both new regulatory requirements and innovations. Sustainability in all three areas – E, S, and G – should be a requirement for every single real estate property. However, implementation at the property level necessitates a certain degree of sustainability consciousness and knowledge among the users and operators of the property. For example, when we consider energy-efficient modernization, our team faces a steep learning curve. This is partly a practical consideration – our colleagues with commercial responsibilities and expertise will now also be able to assess concrete, technical interdependencies and set the correct priorities for further developing their property. This requires training and organization. One of the greatest challenges facing the real estate econ-omy is continuing to develop employee qualification if we want to have any hope of tackling the issue of decarbonization.

ACROSS: ***THE LABOR MARKET IS PARTICULARLY TENSE AT THE MOMENT. HOW DO YOU FIND THE RIGHT EMPLOYEES FOR YOUR PROJECTS?***
WALDBURG: We are quite proud to say that we have already found the right people. We have more than 55 years of experience in the real estate industry. This includes extensive experience with steering projects and particularly those involving existing properties. The current size of

our project portfolio is approximately 5 million euros. Six of these projects involve existing properties. Union Investment possesses significant in-house competence in the areas of renovation, refurbishment and consolidation. This competence is unique, since many other project developers have exclusively focused on new construction in the past. This wealth of knowledge offers a major industry advantage. We also have more than 15 years of experience in the field of sustainability management that we leverage to our benefit.

***ACROSS:* YOU ALSO HAVE A GREAT DEAL OF EXPERTISE REGARDING VARIOUS ASSET CLASSES AND HOW TO COMBINE THEM.**

WALDBURG: You are absolutely right. Mixed-use is part of the Union Investment DNA. Our studies have also shown that 60% of transformations result in mixed use. We have been involved in advancing urban district development for many years. We have distinguished ourselves in this particular field not only through our knowledge of the various types of usage, but also through our ability to optimally combine them to yield maximum synergy. We have come so far in this regard that we have once again returned to the role of project developer in certain projects, such as the YVIE in Amsterdam or the urban district development in Hamburg-Wandsbek. Transformations are extremely location-dependent and necessitate a thorough understanding of the sites and circumstances. We have already internalized this extremely individualized perspective of property management for many years.

***ACROSS:* WHERE HAVE YOU HAD TO READJUST IN SPITE OF THIS, AND HOW DO YOU KEEP YOUR EMPLOYEES UP-TO-DATE?**

WALDBURG: Our environment is constantly changing, so logically, our team must also continue to develop professionally and obtain new qualifications. The coronavirus pandemic challenged us greatly in terms of agility – both at a corporate and an individual level.

***ACROSS:* WHERE IS THIS AGILITY APPARENT?**

WALDBURG: We are now much more flexible in terms of workflows and communication – our ability to comprehend certain topics has also benefited in this regard. Whoever believed that we would discuss specialist medical topics as equals before the 2020 pandemic? Despite being part of the real estate industry, we had to rapidly create hygiene concepts, set up flexible contracts, and effectively understand funding programs. We demonstrated our ability to adapt at a breakneck pace and were able to maintain our commercial activities. We already possess the necessary agility to allow us to adjust to the extremely complex present and future challenges.

***ACROSS:* GENERALLY SPEAKING, WHAT IS MISSING FROM THE CURRENT DISCUSSIONS REGARDING THE REAL ESTATE INDUSTRY AND DEALING WITH THE CLIMATE GOALS?**

WALDBURG: We have a more holistic view of sustainability. Since the introduction of the Disclosure Regulation in 2021, we have placed increasing focus on the topic of energy efficiency. This is completely appropriate. We cannot make the mistake of using energy requirements – measured using taxonomy or the Carbon Risk Real Estate Monitor (CRREM) pathway – as our only benchmark. There are a host of other criteria.

***ACROSS:* WHAT ARE THEY?**

WALDBURG: At the center is the energy demand throughout the entire life-cycle. However, this is not captured by taxonomy, which simply focuses on operational consumption. The amount of energy it will take to develop the property is not considered at all.

***ACROSS:* WHAT ARE SOME OF THE OTHER ASPECTS?**

WALDBURG: In my opinion, we spend far too little time discussing whether a technology or measure not only saves energy, but also produces no additional pollutants. Let's consider the example of extruded foam materials that are used for insulation. It is justified and necessary for us to discuss whether or not we are producing hazardous waste that will need to be discarded in future. We should also consider ESG aspects when examining the supply chain for photovoltaics. All these aspects must be discussed at the same level of depth, and should definitely be included in the overall consideration.

***ACROSS:* YOU HAVE ALREADY MENTIONED THAT TRANSFORMATION PROCESSES ALWAYS TAKE PLACE IN A POLITICAL ENVIRONMENT. WHAT ARE THE CHALLENGES IN THIS REGARD?**

WALDBURG: Achieving our climate goals is a major social goal – this is why the public sector also needs to adjust its processes. During our market research, the real estate stakeholders who took part mentioned a strong desire for feasibility. The market participants considered simplified utilization licenses/repurposing licenses and fewer conditions for reusing construction materials to be most important. The entire venture is meaningless if we do not address concerns regarding the circular economy. At present, new construction standards are frequently applied when conditions and requirements are placed on products.

ACROSS: ***WHERE IS THERE ROOM FOR IMPROVEMENT IN TERMS OF PROFITABILITY?***

WALDBURG: Licenses for increased space utilization are important. This is the only way to generate additional income potential, which would balance out the costs of energy-efficient modernization, for example. We also need to accelerate the planning processes. It can take anywhere from 18 to 24 months to receive a construction permit, depending on the site. The real estate industry is ripe for change – it is high time that the requirements for a fundamental willingness to "invest differently" is created at all levels.

ACROSS: ***THANK YOU FOR THIS INTERVIEW.***

REVITALIZATION AND ASSESSMENT OF RETAIL REAL ESTATE: CASE STUDY OF RATHAUS GALERIE ESSEN

Retail property revitalization and valuation is a complex process that aims to increase a property's value and make it more attractive to retailers and customers. HBB sheds light on the various aspects of this process, including analyses, costs, steps, success factors, and necessary partners. A site-specific approach is elementary, as the Rathaus Galerie Essen example shows.

BY ANDRÉ STROMEYER

According to the EHI, more than half of the 509 shopping centers in Germany – amounting to around 16.3 million sq m – urgently need to be revitalized or repositioned.

Shopping centers play a central role in the modern retail landscape and are important places for social interaction. But over time, they can lose their appeal and thus also their value. A great many different factors contribute to this development. Among them are changes in consumer behavior, but also changes in the tenant market. In some cases, several tenants have new demands regarding the size requirements for their rental space or have left the market altogether. Some may be downsizing their store network, either as a result of consolidation or as part of insolvency proceedings.

Online retailing has also shown that shopping centers can no longer be pure "shopping machines." The convenience of shopping directly from the sofa or any place and at any time has dramatically changed consumers' shopping behavior. Shopping has become a part of leisure time where people want to have fun, which can be integrated into other leisure activities and where, if possible, everything is available under one roof.

Therefore, today, it is appropriate to offer more choices and opportunities in a shopping center. Also, through diverse uses such as leisure and entertainment, residential, urban services, offices, and health and wellness offerings, among others. A shopping center today is more than just a property for shopping; if it wants to be successful, it must live the mixed-use idea with various services and offers. We must create places where our visitors feel comfortable, which become a "third place," and where one would like to spend one's time.

IMAGE: HBB CENTERMANAGEMENT

André Stromeyer, Managing Director at HBB Centermanagement

ASPECTS OF THE REVITALIZATION PROCESS

The revitalization and valuation of retail real estate is a complex process aimed at increasing the value of a property and making it more attractive to retailers and customers. The first step in revitalizing and evaluating retail properties is a thorough analysis of the current situation.

The cost of revitalizing a retail property can vary depending on the scope of the measures. Modernizing interiors, creating more attractive shopping areas, integrating new retail concepts, and improving infrastructure may be costly. Setting a realistic budget and evaluating the costs of the expected increase in value is essential.

The detailed planning of such revitalizations, conversions, or repositionings is critical to adapt to the market conditions. Nowadays, more and more shopping centers are being restructured into mixed-use properties. Special issues must be considered: Where is there space in the property to build office space? For example – where can I bring daylight into the building? How do I implement this statically, or how must the technical systems/building services be adapted? What must be considered structurally? Are my permits sufficient, or do I need new and adapted official approvals? What bearing loads do I have available, and what additional loads do I need? Where will the delivery take place?

How do the opening hours have to be adapted? This is especially important for leisure and entertainment concepts – of course, there are no Sunday opening hours, especially in Germany, and these concepts profit above all from evening and weekend visits. Where do I create access for these providers? How can the issues of security fire protection be solved and also how can the ancillary costs be divided up fairly?

The revitalization process comprises various steps that must be carefully planned and coordinated. These include developing a concept for revitalization, selecting the right partners and service providers, implementing the measures, and monitoring progress. Close cooperation with architects, construction companies, and other experts is crucial to achieve the desired results.

ANALYSIS AND EVALUATION OF THE STATUS QUO

Before the revitalization of a shopping center can begin, a comprehensive analysis of its current condition is necessary. This analysis includes structural conditions, tenant structure, competitive environment, location attractiveness, transport links, target groups, and current market trends. A thorough assessment of the property value forms the basis for later decisions. This analysis provides important information to identify the proper measures to increase the value.

STEPS TOWARD REVITALIZATION

1. Concept development: Based on the analysis, revitalization concepts are developed. These can range from structural changes and modernization to repositioning the shopping center.

2. Investment planning: The costs of revitalization are of central importance. Here, the structural aspects are considered: marketing measures, events, and technology integration.

3. Structural modernization: Renovation of facades, redesign of interior areas, integration of smart technologies, and creation of attractive common areas are possible steps.

4. Optimize tenant structure: Selecting the right tenants to enrich the shopping experience is critical. Pop-up stores, local vendors, and innovative brands can increase diversity.

5. Create an experience: Creating experiences, events, and activities can turn the mall into a social gathering place that goes beyond just shopping.

6. Integrate sustainability: Sustainability aspects such as green energy, recycling, and environmentally friendly issues are becoming increasingly crucial for banks, investors, and customers.

FACTORS FOR SUCCESS AND NECESSARY PARTNERS

The revitalization of a shopping center requires the cooperation of various partners:

1. Investors and owners: A clear vision and sufficient investment are fundamental. Owners must set long-term goals and provide the financial resources.

2. Architects and designers: Architectural and interior design professionals are crucial to improve the appearance and functionality.

IMAGE: HBB CENTERMANAGEMENT

The case study of Rathaus Galerie Essen clearly shows: The revitalization process comprises various steps that must be carefully planned and coordinated.

3. Leasing specialists: They play a role in finding suitable tenants and marketing the revitalized center.

4. Tenants and brands: Selecting high-quality tenants that fit the target audience is of great importance.

5. Marketing experts: Communicating the changes and the new brand identity is crucial to attract customers.

6. Technology partners: Integrating Wi-Fi, mobile apps, and digital screens can enhance the shopping experience.

7. Innovative center management companies: They professionally manage the center and (re)position it in the market with innovative ideas.

COSTS AND BENEFITS

Revitalization costs can be considerable, depending on the size of the shopping center and the planned measures. Nevertheless, these costs should be in proportion to the expected benefits. Successful revitalization can lead to higher rental income, increase visitor frequency, and raise the property's overall value. Shopping center revitalization requires a holistic approach considering structural and strategic aspects. Creating an engaging, experiential, and sustainable shopping environment where customers enjoy spending time is critical to increasing economic value. By working with various partners and careful planning, a successful revitalization can benefit both owners and customers.

CASE STUDY RATHAUS GALERIE ESSEN

For the current revitalization of the Rathaus Galerie Essen, we are following the procedure we just described. We have developed a unique-place strategy based on which the revitalization is taking place, and the property is being adapted to current consumer habits and market conditions.

The center is an excellent inner-city project in a good location, with high frequencies and great potential. However, before the restructuring started, it suffered in several areas. For example, one of the two mall arms was significantly less frequented, and the center was generally hardly anchored in the region. It needed a more precise positioning. Before we acquired it together with Henderson Park, the question arose about how the property could be repositioned to become fit for the future. The vision of the "new Rathaus Galerie" was developed with a team of specialists from various fields. The costs for the necessary measures were determined, and the future rental income for the new concept was planned.

IMAGE: HBB CENTERMANAGEMENT

The newly designed Food Court offers customers 14 food & beverage concepts in an area of approximately 1,200 sq m.

In the interest of better visibility, as a first step, we tore open the facade facing the city center and – in line with today's demands on modern shopping places – created a beautiful outdoor area with a café to feel good in.

The retail section of one arm of the mall was completely obsolete and removed. Instead, we developed the concept for a new food mall. The important point was that we also opened the facades to the outside so that customers could look out of the windows while eating and enjoying their stay, have a pleasant feeling of space, and not just stare at walls. After all, daylight is known to promote well-being. For the new concept, we deliberately avoid too high a proportion of fashion stores. We are focusing more on local supply concepts, also based on the competitive analysis carried out previously.

Our leasing specialists attracted many tenants to the "new Rathausgalerie." Most recently, the Dutch department store chain Hema opened a branch here, and Rewe, Rusta, and Woolworth will soon be operating their stores on the 7,000 sq m space previously occupied by Real.

The theme for the Rathaus Galerie Essen is: "My home, my district." This is reflected in the architecture, tenants, and branch mix. The design of the new meeting place and the materials are based on the typical features of the Ruhr region. Thus, industrially inspired materials and colors meet the colorful architecture of allotment gardens, kiosks, etc. Our innovative center management accompanies the restructuring phase with an informative "construction site marketing" and has developed the marketing campaign to reposition the center.

As shown by the example of the Rathaus Galerie Essen, we always develop a "Unique Place Strategy" tailored to the respective property. HBB has constantly developed special projects and never off-the-shelf centers. As HBB Center Management, we invest a great deal of time and energy in analyzing the particular characteristics of properties we want to revitalize for investors. After all, what is exactly right at one location may be completely wrong at another.

"CREATING VIBRANT LIVING SPACES": TURNING KING CROSS ZAGREB INTO CROATIA'S MOST MODERN SHOPPING DESTINATION

Renovating existing buildings and reducing new construction is the order of the day. Christoph Andexlinger, CEO of SES, uses the example of KING CROSS Zagreb to explain how the company is developing the established, aging center into a state-of-the-art mall with a high quality-of-stay via a complete refurbishment, thereby elevating it to the next level of success.

IMAGE: SES/FLORIAN STÜRZENBAUM

Christoph Andexlinger is the CEO of SES

ACROSS: ***RETAIL PROPERTIES MUST EVOLVE AND BE RENEWED OVER THE COURSE OF THEIR LIFE CYCLES TO REMAIN RELEVANT AND ATTRACTIVE. WHAT STANDARDS DOES SES ADHERE TO WITH RESPECT TO REFURBISHMENT PROJECTS?***

CHRISTOPH ANDEXLINGER: We are constantly investing in our sites, and there is only one center in our portfolio that is currently in need of a complete refurbishment. Of course, the further development of locations is one of the fundamental tools of our industry. The qualitative development of centers also plays a vital role for us. In essence, however, we follow the same standards as for new project developments. When designing our properties, our guiding principle is to create vibrant living spaces that are relevant to visitors, whether they are new developments or modernizations. SES's goal is always to ensure that our centers are optimally anchored in the mindsets of the customers in their catchment areas and that they function as popular places. We also design each mall in such a way that it fits into the respective region as adequately as possible.

ACROSS: ***WHAT DOES THAT MEAN FOR CENTER DESIGN?***

ANDEXLINGER: This means individually engaging with the respective site, environment, and community. We think about everything from the customer's point of view. A high quality of stay is just as important as a good shop mix, top-class gastronomy, and a range of services. We want added value for our customers. It is important to us that we are part of people's living space; in order for that to happen, we must open up. Having a solid regional connection that makes each center unique is an important success factor. That begins with the name, flows into the architecture, and is reflected in the leasing concept and store mix as well as in the center's cooperation with schools, associations, and event partnerships. That transforms our centers into lively meeting places that are rooted in their respective regions. People should have more than just a feeling – they should find actual, fact-based reasons to regard the center as part of their daily lives. The basis for that is close, long-term cooperation with the tenants that goes beyond the sales areas. Quality and customized solutions are essential components in all projects. Sustainability, energy efficiency, and the choice of materials have increasingly come to the fore. It is particularly challenging when we have not developed a given property ourselves from the outset and have to heavily intervene in the DNA of a center.

***ACROSS:* A MAJOR COMPLETE REFURBISHMENT IN THE SES PIPELINE IS ABOUT TO HAPPEN IN CROATIA. COULD YOU BRIEFLY DESCRIBE KING CROSS ZAGREB?**

ANDEXLINGER: Gladly. KING CROSS was the first shopping mall in Zagreb when it opened in 2002. SES has only owned and managed the shopping center since 2018, so we did not develop the ring Mall concept – we took it over. As a regional meeting place, KING CROSS has been well-established among the people in the catchment area for years. The shopping destination is close to the busy east-west highway and has good transport links. Attractive tenants are a critical success factor.

***ACROSS:* WHY IS IT NOW DUE FOR A REDESIGN?**

ANDEXLINGER: As I said, the center is well-established, but since it opened in 2002, it has become visually and functionally out-dated. It needs a refresh. A refurbishment will catapult KING CROSS into the future and make it the most modern shopping destination in Croatia. This location has a future. KING CROSS differs from all other malls in the greater Zagreb area because of its unique mix of branches, with large areas for the Home & Sports sector. Harvey Norman and Decathlon represent branches and stores that do not otherwise exist in the same form at the location. We want to preserve and further develop that unique feature via the refurbishment; we have been preparing to take this step with our partners for years. Decathlon, for example, expanded to a total shop area of 5,000 sq m in 2020. That same year, parts of the mall were redesigned going along with a store space expansion by Harvey Norman. In 2024, we will start modernizing the entire center and invest around 40 million euros. The money will go towards making the mall more attractive, a new center point, outdoor food and beverage areas and entertainment, children's play facilities, and the adaptation of existing store areas. The center will also be extended by approximately 5,000 sq m.


IMAGE: CHAPMAN TAYLOR/SES

Attractive outdoor food and beverage areas will reflect an urban Mediterranean way of live.

***ACROSS:* WHAT CONCRETE CHANGES ARE YOU AIMING FOR? HOW DO YOU "TURN" A MALL BUILT IN 2002 INTO A STATE-OF-THE-ART SHOPPING CENTER?**

ANDEXLINGER: We are breaking up the ring mall concept and creating more space for a pleasant atmosphere by incorporating the forecourt into the design. In the process, part of the mall will be moved entirely outside. That will result in a significant upgrade for gastronomy, it will create an attractive, urban atmosphere, and it will reflect the Mediterranean way of life.

As far as the store mix is concerned, we are deepening the proven, unique, and successful orientation in the greater Zagreb area. The center will offer a combination of regional suppliers and international industry leaders. For example, the refurbishment will result in the most modern INTERSPAR in Croatia, which we are particularly proud of. A completely new INTERSPAR bakery has been operating at the location since the beginning of 2023.

Of course, the property is also being brought up to the latest technical standards. A sustainable orientation is the absolute focus. We are expanding green spaces and are implementing a new traffic solution at our site. A photovoltaic system of 6,800 sq m is being built on the roof, and there will be more e-charging stations. As part of the city's "Greenway" project, the center will be connected to the most extensive network of bike paths in Europe in an effort to promote mobility.

IMAGE: GOSPODARI SVJETLA/SES

In 2024, SES will start the modernization of the center and will invest around 40 million euros.

ACROSS: GENERALLY SPEAKING: WHY DO IT THIS WAY AND NOT ANOTHER?

ANDEXLINGER: We are convinced that we have found the best solutions. This is where the circle closes – we are making optimum use of the existing potential with this brownfield investment.

ACROSS: HOW IS THE CENTER ABLE TO REMAIN OPERATIONAL DURING THE REFURBISHMENT? HOW DO YOU COMMUNICATE WITH VISITORS? HOW ARE YOU SUPPORTING YOUR TENANTS DURING THIS PHASE?

ANDEXLINGER: We want to finish the redesign by the autumn of 2025. That corresponds to a construction period of about one and a half years. Meanwhile, mall operations continue: There are seven construction phases in total. The center is going to remain in operation and, thus, fully functional – which presents some challenges. However, visitors do not have to leave their shopping habits during the conversion phase; conversely, it is exciting for many to see how such a transformation takes place. Open communication is planned; tenants will be informed and involved accordingly, and topics will be coordinated. In addition, our partners know: No matter what the project, we stand for uncompromisingly high quality.

ACROSS: IN WHAT WAYS ARE YOU COOPERATING WITH MUNICIPALITIES,USING ZAGREB AS AN EXAMPLE?

ANDEXLINGER: KING CROSS was the first shopping center in Zagreb, so there has been professional and good cooperation for many years. We demonstrate social responsibility and get involved, especially in difficult times, such as when the severe earthquake hit the city and the region in 2020, and through various donations to social associations. We cooperate with a number of local associations and provide use of the mall for their information campaigns. As a result, we have been part of people's lives for many years and are a partner of the city – and we will be in the future as well.

KING CROSS Fact Box

Location: *Zagreb, Croatia*

GLA: *35,000 sq m, 55 shops*

Anchor tenants: *INTERSPAR, Decathlon, Harvey Norman, dm, JYKS, Bubamara, PittaRosso*

Investment volume: *approximately 40 million euros*

Number of employees: *280*

Address: *Ul. Velimira Škorpika 34, 10 090 Zagreb, Croatia*

SES specializes in successfully developing, constructing, and operating internationally designed retail properties. SES currently manages 30 shopping locations in six Central and Southern European countries. In Austria and Slovenia, SES is the market leader in large-scale shopping centers. Since the group acquired Ipercoop in 2009, SES has been represented in the Croatian market. KING CROSS in Zagreb has been under SES management since 2018.

REVITALIZATION AS AN OPPORTUNITY FOR FUTURE CORE ASSETS

Revitalization is one of the most important trends in retail real estate. “However, it presupposes that the market players – investors, tenants, and local authorities – understand the mechanisms of success,” explains Angelus Bernreuther, Head of Investor Relationship Management, Kaufland, using best-practice examples.

BY ANGELUS BERNREUTHER, HEAD OF INVESTOR RELATIONSHIP MANAGEMENT AT KAUFLAND

Our world has become more uncertain. Some say we not only face more uncertainties, but they have also become more complex. As a result, the real estate industry has not been able to take a deep breath in the wake of the pandemic. That makes it all the more important, especially in these times, to take a close look at what will continue to be core assets in the future. In this context, revitalization is one of the most important trends in retail real estate. In particular, it is not just a trend but an opportunity to create new sustainable real estate. However, it presupposes that the market players – investors, tenants, and local authorities – understand the mechanisms of success.

IMAGE: KAUFLAND

Angelus Bernreuther is the Head of Investor Relationship Management, Kaufland

CURRENT RETAIL REAL ESTATE FRAMEWORK

First of all, it is worth looking at the topic in a broader context. That is particularly necessary for retail properties – considering the last few years. There have always been changes in the retail real estate sector, and there will also be changes in the future. Examples, such as some “dead malls” in the United States, suggest that physical retail formats may become obsolete. One of the reasons behind that, of course, was the rapid development of digitalization – and with it, online shopping. Omnichannel, 24/7 shopping experience, online and offline. Then, the pandemic broke out. What was not system-relevant, such as food, could inevitably only be bought online. For retailers and retail real estate, that was a true test. That’s not all: there were also new challenges in global trade, supply chains, inflation, energy, and much more. In addition, new geopolitical upheavals arose as a result of Russia’s war of aggression against Ukraine. As we can see, the challenges are immense. It is time to present a differentiated, opportunity-oriented picture of the current situation regarding retail real estate because retail has already proven that it can survive a number of times.

REVITALIZATION AND ESG

The overarching topic of ESG is one of the main triggers for revitalization. At least, it should be because there is great potential for ESG measures, especially in existing buildings. The construction sector is the most important trigger for emissions, far beyond transport and other industries. The focus, therefore, must shift from new-build to refurbishment, if only for reasons of economics and sustainability – not only in terms of (gray) energy but also for social aspects. Buildings are already an integrative element in the urban landscape. That also strengthens the “S” in ESG.

RETAIL INVESTMENTS, VALUATION, AND OPPORTUNITIES

Revitalization in retail real estate continues to gain momentum due to some fundamental changes in retail investments. It is worth taking a look at the retail asset class as an investment product over the course of the last few years. Generally speaking, risk appetite is on the rise again. In the current interest rate environment, core products often offer returns that are too low. Value-add always means that you can make something out of a good, existing location. It is precisely that tendency that is once again on the rise. In terms of valuation, retail was the first asset class during and after the pandemic to be under pressure (aside from food-anchored retail). However, proven resilience has emerged from these difficult times. Capex, e.g., for revitalization measurements in general, and, e.g., with regard to ESG in detail, can now be calculated for retail assets in a much more reliable way. That is also currently different to other main real estate investment classes, such as offices, where the new way in which we work has not resulted in a new type of office.

MUTUAL REVITALIZATION OPPORTUNITIES

The current framework shown is reason enough to examine where the challenges of revitalization become shared opportunities. Kaufland looks at this topic from an international perspective, operating large supermarkets in eight European countries, with a strong focus on Germany and CEE. We see ourselves as a footfall anchor for all retail locations – from stand-alone supermarkets, retail parks, and shopping centers to city-center locations. Revitalization will take place at all of those locations in the years to come.

IMAGE: KAUFLAND

Opening of Kaufland’s 1,500th store in Romania

Kaufland has opened more than 160 stores across Europe since 2020. A third of them are located in the CEE region and have many tenant-partners from the national and international real estate sectors. The opening of Kaufland’s 1,500th large supermarket in Romania at the end of 2022 marked a new milestone. Perhaps most importantly, more than 100 stores were revitalizations of former real hypermarkets in Germany and Tesco in Poland. Former DIY stores, car dealerships, and many more were also included. We are not talking about theory, but about actual practice. This is not uncharted territory, but real experience across more than 500,000 sq m of newly revitalized retail space. Kaufland discusses revitalizations from a very practical point of view, with best practices from all types of retail asset classes.

BEST PRACTICE SHOPPING CENTER

Shopping centers were generally considered to be one of the larger core retail properties. For quite some time, fashion, sports, and consumer electronics guaranteed high and stable rents. However, the general conditions have changed – at least for those that are not within the top third of prime locations. There is, therefore, a clear need for revitalization at many centers – as was the case at the FORT WOLA shopping center in Warsaw. Opened in 2001 as a hybrid center with a hypermarket, the location subsequently underwent a number of changes until it was finally left vacant for many years. Mayland, the owner, finally undertook a revitalization in the truest sense of the word.

IMAGES: KAUFLAND

Best Practice Shopping Center Revitalization: Fort Wola, Warsaw, Poland

The focus here is on the restructuring of the former hypermarket area. In the new sector mix, the large supermarket, which covers approximately 5,000 sq m of leasable space, plays the new anchor role. The other areas will be subdivided into modern, larger rental units for the fashion sector, among others. The actual mall, which features small-scale lease concepts, was retained and continues to account for around 40 percent of leasable space. This is a good example of how a shopping center can be successfully repositioned in the market.

BEST PRACTICE RETAIL PARK

Retail parks have played an increased role in the retail landscape in many countries since the 1990s. Grocery stores have always played and will continue to play a dominant role. Retail parks are, therefore, aimed more at periodic demand. Nevertheless, there is also a need for revitalization in that area, as the Danubia Center in Bratislava, Slovakia, shows. Originally, only one large hypermarket was located there. A strip mall featuring additional specialty stores was added in an L-shape. In that instance, too, the area of the hypermarket was no longer contemporary and was too large.

Star Capital Finance, the owner, found a solution: The supermarket area was reduced in size, and space was created for additional specialty stores. A further upgrade of the strip mall is planned. Kaufland, a large supermarket, is the new anchor and is supplemented by another food discounter and specialty stores.

BEST PRACTICE CITY-CENTER RETAIL AND MIXED USE

The current discussions on the future of city-center department stores only show the recent urgency for new ideas in our cities and highstreets. While food retail will not save entire central locations alone, it still can play a decisive role in terms of bringing footfall back again. Furthermore, city-center locations are often predestined for mixed-use real estate.

Let’s take the example of the Kaufland store in Göttingen, Germany, a university city with a population of more than 100,000. Kaufland has had a store in Göttingen since 2006. There are two locations in the city. At that time, the location at the start of the pedestrian zone was occupied by a wholesale company. A complete redevelopment has breathed new life into the old retail location. When the site was being restructured, parts of the old brickwork of the building were discovered. The incorporation of the historic roots into the store design was important to us. There is another special feature of this mixed-use property: apartments are located on the roof of the store. Residential space and a supermarket: The synergy is simply successful. As far as the city is concerned, it is a footfall anchor in a central location that ensures the population in the immediate city center is provided with a comprehensive supply of goods. In this case, revitalization was achieved through complete demolition and new construction, which effectively blends into the urban district, not least thanks to the green roof.

IMAGES: KAUFLAND

Best Practice Retail Park Revitalization: Danubia Center, Bratislava, Slovakia

THE DOS OF REVITALIZATION

The examples show that the revitalization of retail properties leads to future-oriented locations. The key to success: revitalization succeeds via collaboration between owner, tenant, and, ultimately, the local community, including its residents and customers. Our comprehensive experience over the past few years has definitely shown us some dos and don'ts.

Let's start with the success factors. As is always the case with real estate, it starts with a comprehensive location, market, and competitor analysis. Think about the location from a completely new perspective, and do not hang on to traditions too much, which is often the source of the problems that lead to revitalization. That results in new usage concepts in retail and beyond, e.g., in mixed-use components. The important thing here is to check the possibilities regarding building laws as early as possible. That can present different challenges from country to country. Ultimately, a usage concept is only good if it can be legally implemented. That ultimately leads to the functionality of the building, which must also accommodate the new mix of uses. A detailed technical check, not least from an ESG point of view, is essential in this regard. That is particularly essential in terms of cost planning. For example: When traditional shopping centers are converted into neighborhood shopping centers, the delivery, storage, and the buildings' structures, in particular, are often insufficient to accommodate a supermarket. Such structural issues must be taken into account at an early stage.

THE DON'TS OF REVITALIZATION

A utilization concept that is not future-oriented, does not include innovative concepts, and does not take into account the future positioning of a location will not result in a successful revitalization. A utilization concept that makes too many compromises and loses sight of the costs will also run the risk of being unsuccessful. In concrete terms, one thing is always advisable: as far as possible, avoid long closure periods. A construction site is often preferable to customers having to reorient themselves. Experience shows that such market share can take a very long time to recover afterward. In this context, the joint timing of the reopening of all or as many new tenants and uses as possible should be an option. That makes it a perfect all-around concept for the customer.

REVITALIZATION IN PARTNERSHIP

All in all, the revitalization of retail properties can only succeed in partnerships. Early coordination of all parties involved, especially between the owner and the anchor tenant, is essential for success. Regular and extensive exchange with a clear communication structure is also crucial. In the end, after the difficult times faced by retail real estate over the last few years, there will be more opportunities ahead. Many locations will have the opportunity to implement new, future-proof concepts. For retail real estate, there is a new cycle ahead – one that will turn value-add assets into new core ones. Food will often play a decisive role in that new game, as it has proven to be online-resilient and a guarantor of physical footfall.

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The body's declared aim is to offer its expertise on topic formulation. It identifies the challenges the industry faces as well as the opportunities, emerging trends, etc. it sees. ACROSS's Advisory Board currently has 30 members. These are:


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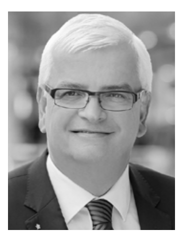
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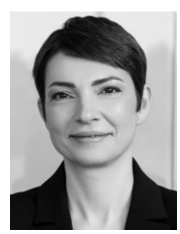
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ambas Real Estate is an independent retail investment and asset management advisory firm. The company advises owners and developers about retail assets and modern mixed-use properties. Its service portfolio includes tailormade transaction-related advisory and strategic asset management services. ambas is active in the European real estate markets, Germany being its core market.

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BIG CEE is the subsidiary of BIG Shopping centers Israel, based in Belgrade capital of Serbia, since 2007. Company was founded with a mission of developing the BIG brand in the Balkan countries and with focus on implementing BIG Shopping Centers strategy and vision in Serbia and neighboring countries such as North Macedonia, Albania, Montenegro. BIG CEE holds and operates 10 active shopping centers – 9 in Serbia and 1 in Montenegro. In Serbia operates 6 Retail Parks which are branded as BIG, 2 Shopping Centers which are branded as BIG Fashion and the only Designer Outlet in the country branded as BIG Fashion Outlet. With a focus on the company's core product – Retail Parks, BIG CEE has successfully became one of the leading retail real estate developers in Serbia and the Balkan region.

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Chainels is a one-stop-shop solution that combines all essential communication and workflows in one platform. Clients such as CBRE, Redevco, Multi Corp, Atrium, EPP and Shaftesbury use Chainels to communicate with all tenants, service providers and other stakeholders within their assets. In addition, we offer our property owners and managers a selection of additional modules to digitize and streamline internal and onsite workflows.

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Christmasworld – Seasonal Decoration at its best – is the leading international trade fair for festive decorations. Exhibitors from all over the world present the latest trends and products for all festive occasions of the year, including innovative concepts for decorating large spaces and outdoor areas, such as shopping centers in Frankfurt am Main.

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Coniq is the Total Customer Engagement Company for growth-minded shopping centers, outlets, and retail brands. Our IQ platform provides a faster, more economical and simpler way to generate revenue by understanding, anticipating and engaging customers through unique and personalized experiences in real-time in-store and online. Coniq powers over £1 billion of sales annually for its customers, with more than 20 million consumers shopping at more than 1,800 brands in +25 countries worldwide.

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dfv Conference Group the event arm of dfv Media Group, develops, organizes and produces executive-level conferences and conventions about a variety of themes and across a wide range of sectors. As a relationship manager, it turns media and information into a hands-on experience, fostering professional exchange and networking throughout the business community. The majority of the delegates attending its events come from senior management and other top-ranking corporate positions.

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EUROVEA mixed-use-development is part of the modern urban quarter in the vicinity of the historical center of Bratislava. It represents an entirely unique and dynamic destination with the riverside promenade. Eurovea broadens patterns of living, working and shopping as it provides the sort of downtown, high street shopping experience.

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HBB Group - based in Hamburg - has been active in the real estate industry as an investor and project developer for more than 50 years. Asset classes like retail, office, hotel, senior living and residential properties have been developed and built across Germany. HBB sees itself as a specialized investor with the aim of creating successful long-term value rather than short-term profit maximation. The focus of HBB is on sustainability and compatibility of their real estate projects. The company is owner operated and has a team of more than 140 highly skilled professionals. HBB Centermanagement GmbH & Co. KG manages shopping centers in Hanau, Frankfurt, Munich, Langenhagen, Gummersbach, Nidderau, Hamburg, Weiden, Essen, Wittenberg, Leipzig, Wuppertal, Ingelheim, Stein, Heiligenhaus, Langen and Lübbecke among others.

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As the market leader for networking in the form of events and business matching, Heuer Dialog has been accompanying the real estate industry in accessing all disciplines that deal with questions about the future of the urban and real estate worlds since the 1980s. With around 50 events per year, Heuer Dialog enables high-level executives to meet on physical and virtual platforms or even in both simultaneously, in a hybrid setting for sustainable urban, real estate and building development. Heuer Dialog builds networks with power, creativity and capital that secure the future of cities, regions and companies. As initiator and moderator, Heuer Dialog brings together minds from architecture, civil engineering, ecology, economics, sociology, technology and law in face-to-face dialogues. Over the past four decades, more than 100,000 personalities have taken part in lectures and discussions that have led to initiatives for current and future action. In association with the Immobilien Zeitung and the dfv Mediengruppe with more than 100 specialist titles, Heuer Dialog sees itself as the competence center for events related to real estate.

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Kaufland is an international retail company with over 1,500 stores and about 148,000 employees in eight countries, namely: Germany, Poland, Romania, the Czech Republic, Slovakia, Bulgaria, Croatia, and the Republic of Moldova. Kaufland offers a large assortment of food and everything else for daily needs. The company is part of the Schwarz Group, one of the leading food retail companies in Germany and Europe. Kaufland is based in Neckarsulm, Baden-Wuerttemberg.

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Mallcomm is an award-winning 360 technology platform for asset and property management that streamlines everyday tasks, joins up stakeholders and generates new insight for more efficient and effective operations. The platform seamlessly connects all built environment communities: occupiers, operations, suppliers, consumers and other stakeholders. By transforming the users' experience of the space, Mallcomm creates loyalty by connecting people to places while delivering efficient operations, significant budget savings and valuable insights. By using the most established, advanced and cutting-edge technology, Mallcomm helps managers curate and promote their ecosystem and provides a suite of powerful data insight to efficiently measure and adapt the outputs of B2B and B2C engagement.

MAPIC
The international retail property market
Phone: +33 1 79 71 90 00
http://www.mapic.com

MAPIC is the key meeting point for retailers looking for partners, property developers, and owners looking for retailers to enhance their sites. MAPIC delivers 3 days of tailored meetings, expert-led conferences and a premium exhibition for industry leaders, targeting all types of retail properties, such as shopping centers, cities, factory outlets, leisure areas and transit zones.

MAPIC ITALY
The Italian retail property event
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http://www.mapic-italy.it

MAPIC Italy is a deal-making event dedicated to the Italian retail property market. It gathers together Italian and international retailers and investors looking for retail properties and locations to expand their business in the Italian market. Retail property owners, shopping centers management companies and agents will have a unique opportunity to present their assets to a qualified public of clients and prospects.

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MEC with headquarters in Düsseldorf is a joint venture of METRO and ECE. As the German national market leader for retail parks, MEC has more than 280 employees and manages more than 65 retail properties. Its service portfolio includes customized services for all aspects of integrated center management, including commercial and technical management, leasing, marketing, development, commercial asset management and property management for smaller retail properties. The market value managed (assets under management) was € 3.8 billion in 2022. In all locations, approximately 1,200 rental partners generate an annual turnover of € 3 billion over a rental space of 1.55 million sq m.

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Messe Frankfurt is one of the world's leading trade fair organizers. 592,127 sq m of exhibition ground are currently home to ten exhibition halls and two congress centers. Events "made by Messe Frankfurt" take place at approx. 50 locations around the globe, and cover the fields of consumer goods, textiles & textile technologies, technology & production, mobility & logistics, entertainment, media & creative industries.

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MK Illumination is the leading provider of year-round festive lighting solutions, which form the cornerstone of powerful marketing, engagement, and visitor attraction campaigns. The family-owned business was founded in 1996 and has presence in more than 44 countries. Each year, its independently-owned subsidiaries combine global experience with local knowledge to deliver upwards of 1200 projects worldwide for clients in a range of sectors including Retail Real Estate, Public Spaces, Travel Retail and Leisure. MK Illumination is known for its innovative full-service approach, its commitment to the highest quality products and services, and for creating extraordinary tailored solutions that deliver results.

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MPC Properties is one of the Southeast Europe's most experienced real estate companies. MPC has developed over 30 projects since its foundation in 2002. Its strategy is development of modern retail and office assets in accordance with the green building principles and the highest LEED and BREEAM standards. One of the main points of sustainability of company's business is implementation of ESG strategy across portfolio.

MPC possesses and manages different types of properties – retail network of six shopping centers and six A-class office assets, each of them representing the most important and recognizable landmarks on the market. It is the first company in Serbia to receive the WELL Health-Safety certificate for the portfolio of business and retail assets awarded by the International WELL Building Institute (IWBI).

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Multi Corporation is a leading pan-European integrated service platform for retail real estate assets, managing about 100 retail assets for institutional investors across Europe and Turkey. Multi Corporation offers a full spectrum of services, including active asset management, shopping center operations, redevelopment and refurbishment, leasing, legal guidance and compliance. Over the past few years, Multi's broad financial, commercial, and technical expertise has enabled them to outperform the industry in terms of occupancy, net rental income and state-of-the-art shopping center marketing. Multi's in-house studio for master-planning and architecture, TTDesign, uses their fundamental knowledge of shopping center functionality to enhance the retail environments in their portfolio. In total, they welcome over 400 million customers annually, spending an estimated € 4 billion in over 6,000 stores, restaurants and leisure attractions. Multi's office network boasts a team of 650+ talented professionals in 14 countries: Belgium, Germany, Hungary, Ireland, Italy, Latvia, the Netherlands, Poland, Portugal, Slovakia, Spain, Ukraine, the United Kingdom and Turkey.

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NEINVER is a Spanish multinational company specialised in managing, developing and investing in commercial properties. The leading manager of outlet centers in Spain and Poland, and the second largest in Europe, has two proprietary brands: The Style Outlets and FACTORY. Founded in 1969, NEINVER manages 17 outlet centers and 4 retail parks including active pipeline in six European countries: France, Germany, Italy, Poland, Spain and the Netherlands.

NEPI ROCKCASTLE
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NEPI Rockcastle is the premier owner and operator of shopping centers in Central and Eastern Europe (CEE), with presence in nine countries and an investment portfolio of €5.8 billion as of 31 December 2021. The group owns and operates 52 retail properties (excluding joint venture), which attracted 244 million visits in 2021. With group-level management of tenant relationships and a focus on cross-country collaboration, the Group is the leading strategic partner for major retailers targeting CEE countries.

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Placewise is the global leader in retail real estate property tech, serving over 1,100 shopping centers, across 3 continents, through more than 1 billion digital shopper engagements every year. From the industry's first end to end ecommerce marketplace, to tenant communication and loyalty programs Placewise offers the only purpose-built solutions for shopping centers, designed to create long lasting digital relationships with shoppers, and unlock the power of retail properties to monetize beyond the square meter. Placewise has offices in Europe, the US, and Asia, and is backed by both venture and PE funds.

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Redevco is a European real estate urban regeneration specialist with a clear ambition to create positive impact by helping cities become more sustainable and liveable. Our specialist investment strategies consider opportunities to re-purpose to mixed-use, in the segments of living and leisure & hospitality as well as in retail warehouse parks. Our highly experienced professionals purchase, develop, let, and manage properties, ensuring that the portfolios optimally reflect the needs of Redevco's clients. Redevco's total assets under management comprise around €9.7 billion.

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Rioja Estates is the leading UK-based specialist in the development of designer and factory outlets. Our expertise encompasses all aspects of planning, design, development, funding, pre-leasing, operational launch, and asset management. We are also adept at identifying institutional purchasers for finished schemes, and enabling property owners and investors to enter the market without taking on unnecessary risk.

COMPANY LISTING

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ROS Retail Outlet Shopping, headquartered in Vienna, with partnerships in Poland, Italy and France, is an independent retail real estate consulting and center management company specialized in Designer Outlets and innovative shopping concepts across Europe. The founders Thomas Reichenauer and Gerhard Graf are both committed professionals with many years of experience, and knowledgable about the European outlet market as well as recognized personalities in the industry. The portfolio of ROS Retail Outlet Shopping includes: Designer Outlet Soltau, City Outlet Geislingen, Brugnato 5Terre Outlet Village, Designer Outlet Warszawa, Designer Outlet Gdánsk, Designer Outlet Sosnowiec, Premier Outlet Budapest, Designer Outlet Algarve, Designer Outlet Croatia, La Torre Outlet Zaragoza, M3 Outlet Polgár, Designer Outlet Luxembourg and further new developments in Europe.

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SES Spar European Shopping Centers is specialized in the successful development, construction, marketing, and management of multifunctional retail properties and quarters of international standard. In addition to shopping malls, retail parks and managed shopping streets also form part of our business. SES is No. 1 in Austria and Slovenia for large-scale shopping locations. Additional core markets include Northern Italy, Hungary, the Czech Republic, and Croatia.

THE HAPPETITE
The Global event for multi-site restaurant operators. Close deals with the best international food retail concepts!
Phone +33 1 79 71 90 00
https://www.the-happetite.com/

The Happetite (previously known as MAPIC FOOD) is the international event dedicated to multi-site restaurant operators looking to grow their business. This powerful business platform is a unique chance to find new international food retail concepts, and to meet restaurant industry decision makers. Key international restaurants, food chains & operators participate in this exhibition to meet private equity firms and property players to grow their business. The event brings together all the restaurant chains, restaurant operators, travel operators, franchise partners and restaurant industry suppliers to develop and create the food destinations of tomorrow.

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Unibail-Rodamco-Westfield is an owner, developer and operator of sustainable, high-quality real estate assets in the most dynamic cities. With the support of 2,700 professionals and an unparalleled track-record and know-how, Unibail-Rodamco-Westfield is ideally positioned to generate superior value and develop world-class projects. Unibail-Rodamco-Westfield distinguishes themselves by their Better Places 2030 agenda, which sets their ambition to create better places that respect the highest environmental standards, and contribute to better cities.

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Union Investment is a leading international real estate investment company specializing in open ended real estate funds for private and institutional clients. Union Investment has assets under management of some €51.0 billion. Active in the real estate investment business for more than 50 years, Union Investment operates today in 24 countries around the world. In addition to office space and business parks, the Hamburg-based company is investing in business hotels, logistics properties, residential buildings and retail properties. Union Investment's retail portfolio currently includes 83 assets in Europe and the US, with a market volume of some €10 bn.

VIA OUTLETS
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VIA Outlets was founded in 2014 to acquire existing outlet centers across Europe. VIA Outlets' vision is to create premium shopping destinations, and offer best-in class, beautifully located shopping experiences for visitors and brand partners. VIA Outlets are here to redefine the outlet shopping experience. Guided by their three R's elevation (strategy, remerchandising, remodelling and remarketing) VIA Outlets ensures that premium fashion outlets are destinations attracting visitors from all over the world. By bringing together an exceptional mix of international and local premium brands, VIA Outlets have created unexpected and unforgettable shopping experiences, whilst also paving the way for sustainable shopping. Currently, VIA Outlets consists of 11 assets spread across Europe, offering over 1,100 stores across 267,000 sq. m GLA.

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