ACROSS
THE EUROPEAN PLACEMAKING MAGAZINE

ONLINE SPECIAL | DECEMBER 2023

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15 YEARS 2008-2023 ACROSS ANNIVERSARY YEAR

2023 THE WINNING FORMATS

PERFORMANCE OUTLETS, RETAIL PARKS AND FOOD ANCHORS ARE THE WINNING FORMATS OF 2023

INTERVIEW DESIGNER OUTLET PARNDORF CELEBRATES ITS MOST SUCCESSFUL YEAR

STUDY TOUR THE THIRD ACROSS STUDY TOUR TAKES US TO ISTANBUL

DEAR READER,

We are pleased to present the last Online Special for 2023.

We were promised a more constant year but experienced a year full of upheavals, unexpected events, and changes. Great challenges have impacted our personal and professional lives. It would be incorrect to deny the problems and downplay their repercussions.

Nevertheless, the placemaking industry did it again. People need and want (physical) retail and the corresponding retail real estate. Many companies are already reporting excellent figures for 2023, and many have been able to prove that innovative concepts pay off, especially in uncertain times. MAPIC 2023, which has just ended, clearly shows where retail real estate stands today. A general positive mood was present in the atmosphere, many projects were presented.

However - and this is what shaped the year 2023 - the individual formats in the industry are developing differently. Outlets, retail parks, and food anchors are the winning formats of 2023! They have shown outstanding performance this year and in previous years. In an in-depth Retail Talk, we recently discussed their principles and what other formats can learn from them. We have compiled the results and the most exciting and instructive articles and interviews from this year in this Online Special.

2023 was also a special year for another reason. We celebrated our 15th anniversary. This was an opportunity to look back, perhaps question some things, but above all, to set the course for the future. We promise to remain just as close to the industry in 2024. We hope you enjoy reading the latest edition of our Online Special and wish all our readers happy holidays and a peaceful end to the year.


IMAGE: ACROSS


IMAGE: ACROSS

Yours sincerely,

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THE TRADITIONAL HOME OF RETAIL – ACROSS STUDY TOUR TO ISTANBUL 2024 // APRIL 17TH TO 19TH

The Traditional Home of Retail: exciting shopping-places with unique stories and forward-looking ideas. The third ACROSS Study Tour takes us to the Anatolian Peninsula.

IMAGE: FIBA

Istanbul – The Traditional Home of Retail

ISTANBUL – Innovative retail concepts, different shopping center concepts, top-class insights, excellent networking opportunities, keynotes, and two expanding brands characterize the travel program of this study tour. Across Study Tour to Istanbul April 17th to April 19th. The travel price is 990 € per person. The price for registration before December 31st will be 950 €.

Included are a joint dinner including drinks, ground transportation according to the program, travel companionship by Rüdiger Pleus and Reinhard Winiwarter. This trip is organized and carried out by Rüdiger Pleus Consulting. All prices quoted are exclusive of VAT. The arrival journey and hotel booking must be organized individually.

TOUR HIGHLIGHTS

Market experts like Nuri Şapkacı, Chairman of Turkish Council of Shopping Centers, Yurdaer Kahraman, CEO Of FİBA CP, or Avi Alkas , Chairman Alkaş Consulting, will share their insights of the Turkish Market. Together we visit innovative retail concepts and different shopping center concepts. Excellent networking opportunities characterize the travel program of this study tour. A highlight of the tour will be two meetings with Turkish brands who will talk about their expansion plans for Europe.


IMAGE: FIBA CP

Yurdaer Kahraman, CEO of FİBA CP

ACCOMMODATION

We arranged the Swissotel The Bosphorus Istanbul at a special rate. Booking is mandatory at this hotel.

Hotel: Swissotel The Bosphorus Istanbul
Address: Acısu Sokaği No. 19, Vişnezade, Istanbul, Türkiye, 34357 Macka Besiktas
Rates: Rates 250,– € single / night breakfast & tax included

A booking code will be sent after registration to the tour.


IMAGE: ALKAŞ CONSULTING

Avi Alkas, Chairman Alkaş Consulting


IMAGE: ZORLU

Zorlu Shopping Center


IMAGE: KANYON

Kanyon Shopping Mall

Learn more about the Study Tour on: https://www.across-magazine.com/the-traditional-home-of-retail-across-study-tour-to-istanbul-2024-april-17th-to-19th/

ACROSS STUDY TOUR

DAY 1: April 17TH

09:00 Lobby Hotel SWISSÔTEL
Welcome by your tour hosts Reinhard Winiwarter & Rüdiger Pleus

Istanbul – The Traditional Home of Retail
MARKET OVERVIEW TURKEY
Nuri Şapkacı, Chairman of Turkish Council of Shopping Centers

Visit of:
Zorlu Shopping Center
Akmerkez Shopping Mall
Kanyon Shopping Mall & ÖzdilekPark Istanbul Shopping Mall
Nisantisi (Highstreet)
Grand Bazaar

MEET THE RETAILER PART 1:
Exclusive insights on how up-and-coming Turkish brands are expanding to Europe

DAY 2: April 18TH

FOCUS ASIA
09:00 Meeting Hotel Lobby

Visit of:
Akasya Shopping Mall Emaar Square Mall
Meydan & Buyaka
Bağdat Caddesi (Bagdad street/High street)

KEY NOTE
Yurdaer Kahraman, CEO Of FİBA CP

MEET THE RETAILER PART 2:
Exclusive insights on how up-and-coming Turkish brands are expanding to Europe

**All times and locations are preminiary and subject to change without prior notice.*


IMAGE: GRAND BAZAAR

Grand Bazaar


IMAGE: AKASY

Akasya

IMAGE: EMAAR

Emaar Square

ACROSS STUDY TOUR

DAY 2: April 19TH

09:00 Meeting Hotel Lobby

Visit of:
IstinyePark Shopping Mall
Cevahir Shopping Mall
Vadistanbul Shopping Mall
Forum Istanbul Shopping Mall
Galataport Shopping Mall

KEY NOTE
Avi Alkas , Chairman Alkaş Consulting

Coordinator and organizer of this trip is Rüdiger Pleus (www.pleus.de). In recent years Rüdiger Pleus has organized study trips to all continents of the world. Besides European trips such as to Lisbon, London, Istanbul, Warsaw, and Moscow, his itinerary has included destinations in the USA, in the Middle East, in Australia and Asia.

IMAGE: RÜDIGER PLEUS

ACROSS RETAIL TALK: THE WINNING FORMATS – "KEY IS OPTIMISM AND A PROACTIVE, FORWARD-THINKING APPROACH"

This time, our recurring online event, ACROSS Retail Talk, examined 2023´s winning formats, and closed with some new insights into why these formats were so successful.

The moderator of the ACROSS Retail Talk is Klaus Striebich (RaRE Advise).

The discussants of this episode are:
- Angelus Bernreuther, Head Of Investor Relations at Kaufland
- Israel Casanova, Fund Director Retail Warehouse Parks at Redevco
- Romina Jenei, CEO Regio Plan Consulting
- Thomas Reichenauer, Co-Founder and MD of ROS Retail Outlet Shopping

CUSTOMERS´ VIEWS, HABITS, AND THEIR IMPACT ON THE SUCCESS OF RETAIL REAL ESTATE PORTFOLIOS

Romina Jenei: The main topic among customers is insecurity – customers want a secure network, and, consequently, they are more selective about the locations. On the one hand, convenience is key – locations for local supply need to be combined with other daily tasks of the customers. On the other hand, customers want formats that they know, e.g., outlet center discounts/reduced prices. There is a dichotomy of local supply and experience shopping, which includes emotions, entertainment, etc. If you are not on one side or the other, it´s challenging to attract the customer."

CONVENIENCE, SAFETY, AND SECURITY VERSUS NEW EXPERIENCE IN SHOPPING

Angelus Bernreuther thinks that "safety, security, convenience and experience are a perfect match. We should differentiate a bit between daily needs (food anchor stores) and experience shopping (shopping centers). Instead of "facing uncertainty," food retailers are facing frequent shop visits, and trying to make it simple for the customer is key so as not to waste time." For example, Kaufland tries to implement a one-stop shopping/"all-encompassing" daily goods shopping experience for customers. Bernreuther emphasizes, "Ensure the experience, yes, on the one hand. Conversely, you have to make it simple for the customer."

Thomas Reichenauer agrees: "Giving a clear message to customers is key during times of uncertainty. What is currently a great advantage is great designer and premium brands at great locations built up during the years. Also, outlet centers know what they can expect, e.g. it is clear what the USP and footfall of the outlet center is. This also needs to be tailored to customers´ needs. There is no "one-size-fits-all" approach. It is essential to give customers a good feeling. This is currently one of the advantages of outlet centers. Still, a future challenge for the industry is to keep it high-quality by breaking it up into different premium experiences and not get vague by not delivering the exact advantages that the format promises.

Elaborating from the perspective of retail park operators, **Israel Casanova** shares a similar opinion with the other panelists: "Value for money should be offered – that is what retail parks are about. Retail parks also have to provide experience and diversification; adding to the traditional retail mix, other uses for the customer, such as F&B, can be seen frequently these days. Remaining flexible is most important to adapt to complex issues during these challenging times. One-stop for everything is a viable concept that will be increasingly widespread, especially in urban areas, since customers nowadays are very much constrained when it comes to their time. However, sustainability, and social responsibility that aligns with customers´ values in these assets are also important."

CUSTOMERS´ 2-3 KEY DRIVERS FOR CHOOSING THE WINNING FORMATS

From Bernreuther´s viewpoint, "Kaufland as a food operator operates in rural and urban areas. People come to Kaufland because food retailing is the top driver behind retail footfall. The bigger the town and competition, the more the food retailer has to ensure that it lives from its actual catchment area. But when it comes to more synergies in retail parks, it´s not only the retailer´s synergy in terms of footfall that should be valued but all the customers´ synergies. Synergy also derives from customers´ needs being satisfied, and considering aspects, such as time-saving, which is crucial in gastronomy. Satisfaction of customer needs and time-saving is primary for a retail location.

THE FUTURE OF OUTLET CENTER LOCATIONS – KEY DRIVERS TO MAKE THESE LOCATIONS MORE VIBRANT

Reichenauer explains that "well-managed outlets are already quite attractive at the moment. Another topic is tourism – tourists coming back to the center is key. Also, you have to have a clear outlet strategy (each brand with one store, attractive brand mix), and last but not least a wow-effect for the customer when you provide new offers, stores, etc. "We must keep the innovation ongoing with constant new ideas. Key is optimism and a proactive, forward-thinking approach".

RETAIL PARKS COMBINED WITH OUTLET CENTERS?

Casanova: "Creating new experiences is vital, but both require different management, and the fundamentals like location, easy access to parking, faster check-out, and omnichannel embracing service must also be considered. The combination with outlet with its premium brands performs very well in certain cases, as outlet centers focus on premium brands, while the retail parks focus on discounts."

ARE MIXED-USE DEVELOPMENTS THE NO. 1 WINNER FORMAT OF RETAIL REAL ESTATE?

Jenei says, “Definitely, mixed-use is another word for creating urbanity. While the concept itself is quite old, parts of the mix in mixed-use are new concepts, such as senior living, or medical centers. Moreover, ground-floor retail areas are very important in mixed-use properties, but the aspects of work-, and living environment should also be suitably addressed.”

Bernreuther adds: “One thing across Europe is true, reuse and revitalization of retail assets will be one of the key drivers of the future. The more urban the area, the more mixed-use assets will be combined. The more rural the area, the more reuse of retail purpose will be in the forefront.”

E-COMMERCE AND OUTLET CENTERS

Reichenauer: “It´s important to integrate digitalization into all the marketing and communication channels, but classical outlets cannot truly compete with really online traders, such as Amazon, since outlets do not have the logistics, and products are not in their hands.”

ESG IN RETAIL ASSETS, RETAIL PARKS – HOW WOULD THE SOCIAL PART OF ESG BE IMPLEMENTED?

Bernreuther states, “We should not only focus on “E” topics. Yes, “E” has the most impact in terms of saving CO2, and is measurable – “S” in ESG is, on the other hand, more adaptive and can be measured from case to case, so there is no “one-size-fits-all.” As an operator, you must see yourself as part of the city landscape by interacting with the people and customers. That is why you must adapt to the needs and have more social impact with your operations.”

TECHNOLOGY INTEGRATION AND LOCALITY

As Jenei explains, “Local retailers in smaller municipalities help to create USPs. They help to differentiate. You have to differentiate by bringing variety into your offer when you are not a local supplier. That is what locality can do. E-commerce is also a key factor for everyone. Similarly to mixed-use, grocery anchors are also winners, but we should not generalize, as grocery anchors don´t have a high online share yet, just as not all food anchors are among the winning formats.”

Reichenauer adds to Jenei´s statement: “People – you have to have the right, motivated people, and employer branding is crucial. Offering free buses to your co-workers, and organizing customer programs helps you connect with the community and colleagues you work with. What is the best way to bring customers to the store? As an example, not overloading customers with information is important. There are many approaches. However, there is no clear-cut strategy. Everybody is testing out different things.”

HEALTH AND WELLNESS AT RETAIL PARKS

Casanova states, “Retail parks can cater to health and wellness-oriented consumers, so it makes sense to add them to the retail offering of properties.”

You can watch the uncut version of the latest ACROSS Retail Talks here:

EUROPEAN OUTLET CENTERS CONTINUE TO EXPAND AND GRAB MARKET SHARE AS MORE RETAIL BRANDS TAKE SPACE

Retail outlet centers, known for their brand-lead discount store formats and offers, have seen a significant leap in retail and leisure brand growth in the past year, according to an outlet industry report by Ken Gunn Consulting.

The European outlet industry is bigger, stronger and better than before the pandemic. It is not immune to political, cost of living or economic pressures but outlet operators have proven to be agile, adaptable, resourceful and entrepreneurial. Rising energy and food costs, remodelled sites, remerchandised brand line-ups and effective marketing have encouraged new guests to visit outlet centers. However, the conflict in Ukraine has temporarily inhibited growth in parts of Central Europe.

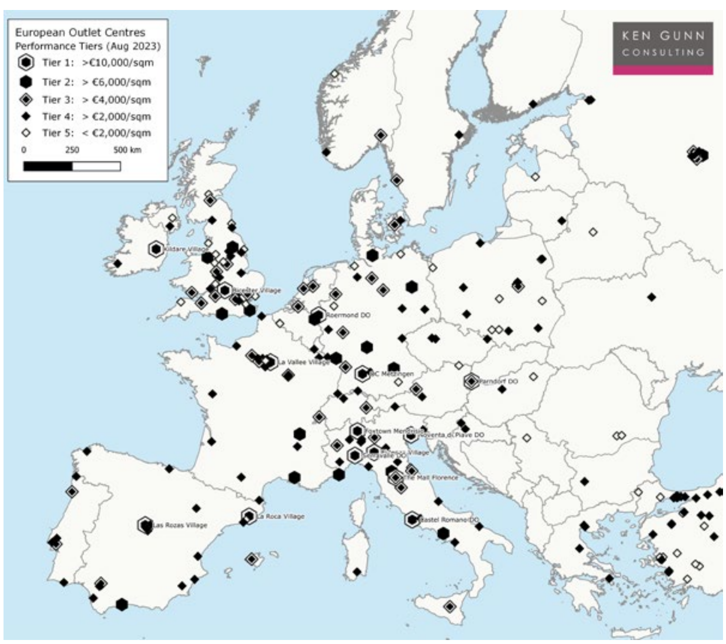
Figures announced in the Ken Gunn European Outlet Industry Review (EOIR) calculate turnover for the sector at 21 billion Euro – some 13% higher than 2019 (the last comparable pre-Covid point).

Gunn's 2023 EOIR is the only sector report that reviews the locations of every outlet brand in Europe, combining these with site performance to create vitality rankings for both outlet centers and occupiers. Nearly 600 additional brands have appeared on the outlet scene since July 2022.

Gunn has closely examined outlet centers and retail operations in 35 countries. The EOIR identifies 212 major outlet centers across Europe with a gross lettable area of 4.07 million sq m. Outlet centers are placed into 5 performance tiers, based on their brand mix and ranked according to their critical mass.

EUROPEAN OUTLET INDUSTRY I PROFILE I PERFORMANCE HIERARCHY

Tier	Example	Catchment	Brand Aspiration	Average Sales Density
1	Bicester Village; Serravalle Designer Outlet	International	Gucci; Burberry	€10,000+ per sqm
2	Wertheim Village; Gunwharf Quays	National & short-haul tourism	Polo Ralph Lauren Factory Store; BOSS Hugo Boss	€6,000+ per sqm
3	One Nation Paris; Clarks Village	Regional & domestic tourism	Nike; Tommy Hilfiger	€4,000+ per sqm
4	the galleria; Marques Avenue	Provincial	Galeries Lafayette; M&S Outlet	€2,000+ per sqm
5	L'usine Mode & Maison; Sterling Mills	Local	Regatta Great Outdoors; Tradition des Vosges	<€2,000 per sqm



Source: Ken Gunn Consulting

IMAGE:KEN GUNN CONSULTING

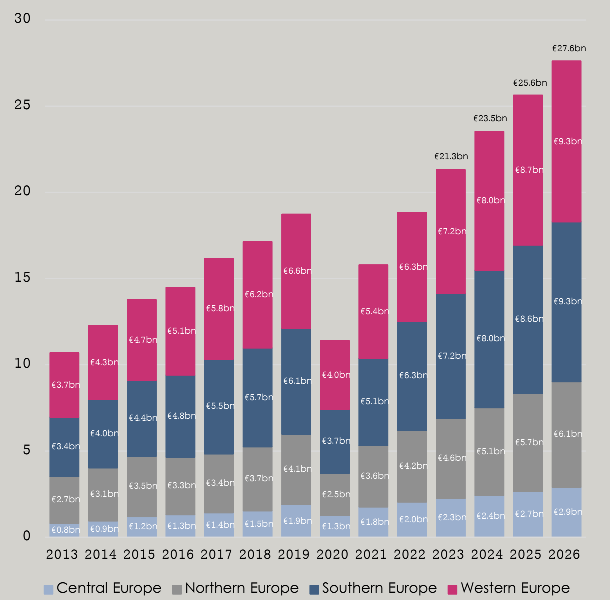
The 2023 European outlet industry comprises 212 major sites in 2023. Differences in brand line up, retail mix, site maturity, design and operational approach have created a clear hierarchy of sites, which is reflected in trading performance.

"Outlet centers remain the stellar performers within retail property sector," says Gunn, who has studied the sector for 30 years. "Brand growth in outlet sectors in the year to summer 2023 has seen a significant leap with 596 new brands and brand operators having entered outlet centres – taking the sector total to 4,446 brands. This is the clearest sign yet that the outlet sector is not just robust but in rude health. And it's not just retail brands – Food & Beverage brands have increased by 9.5% and the number of F&B establishments by 11.3%."

In Gunn's 2023 EOIR analysis Levi's remains the leading outlet brand by presence with around 135 outlet stores. Guess is in second place with 129 outlet stores and Adidas in third place with 131 stores but in slightly weaker locations than Guess. Nike has dropped from 3rd to 4th place following closure of some six outlet stores in Moscow, while Sketchers has added 11 new outlet stores, taking it to 97 European locations and rising 2 places. Furthermore, Jack & Jones, Puma and Marc O'Polo have been Europe's most active retail brands in terms of portfolio growth, while Hugo by Hugo Boss has doubled its count of outlet stores.

Outlet centres are attractive destinations for guests, profitable locations for brands and productive assets for investors. Future growth is already locked in.

Turnover By Region 2013 – 2026 (€ billions)



Source: Ken Gunn Consulting

- European outlet turnover has doubled from €10.7bn in 2013 to €21.4bn in 2023. This is nominal compound growth of 7.1% pa which, after stripping out inflation, is 53% greater than the rate of non-food retail sales growth (which includes online sales) in the European Union.
- Southern Europe (€7.3bn) and Western Europe (€7.2bn) account for 68% of turnover in 2023, while Northern Europe (€4.6bn) represents 5.5%.
- Europe wide sales growth in 2023 is expected to be 13.2% and led by Southern Europe (14.4%) and Western Europe (13.7%). These regions are being driven by new development, improvements in brand mix and a recovery in domestic expenditure.
- Central Europe (excluding Russia) plus the Balkans, accounts for 28% of the population but just 18% of existing outlet floorspace provision, suggesting a significant opportunity for future growth.

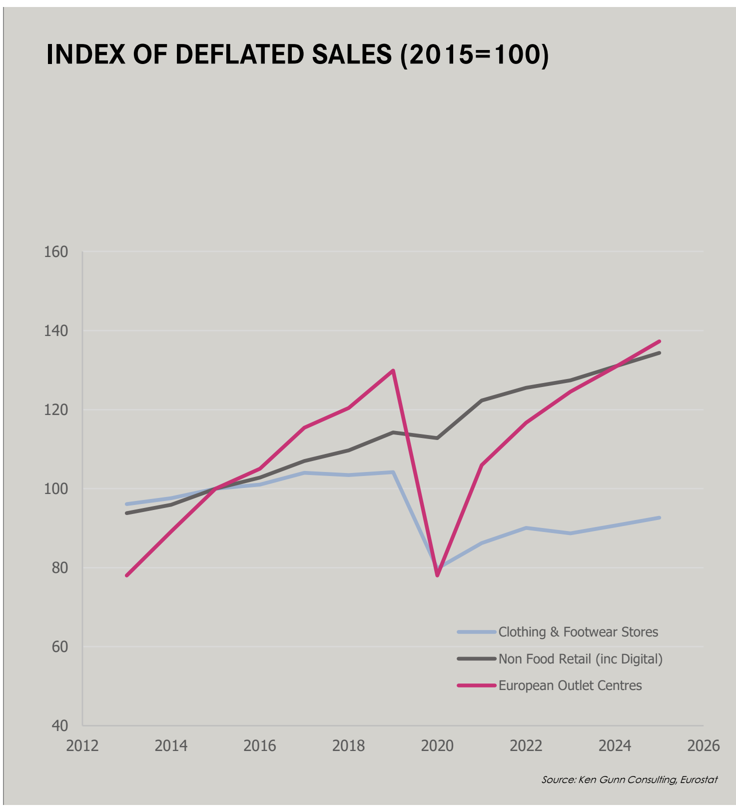
After surpassing 2019´s turnover last year, an increase in sales of 13% in 2023 suggests that the industry's response to the pandemic has steepened the growth curve.

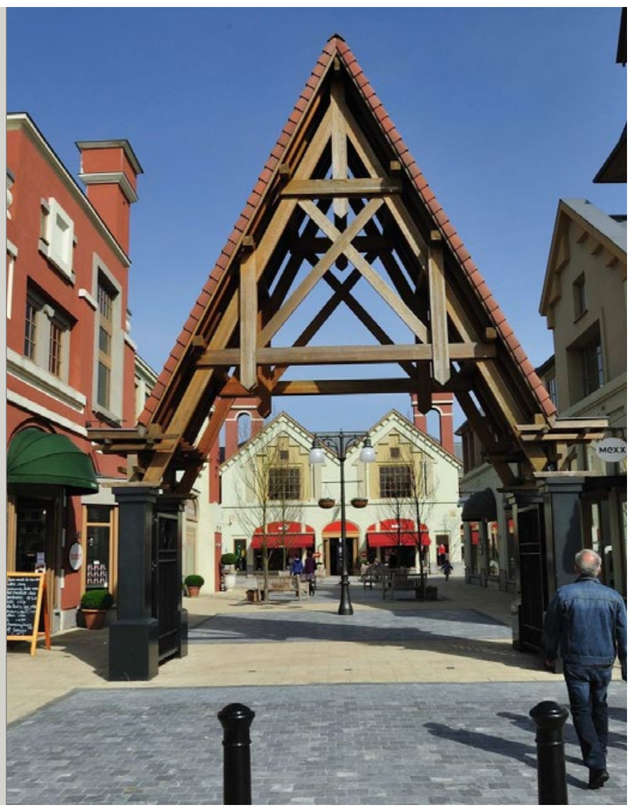
When it comes to Food & Beverage, Bollicine & Co has expanded its upscale champagne bar operation in the luxury outlet tier across Europe. Starbucks remains the leading F&B brand in outlets across Europe with 53 locations. But there remains substantial opportunities to better align F&B propositions to suit the highly refined luxury and designer brand experiences across Europe.

IMAGE: KEN GUNN CONSULTING

Ken Gunn is Managing Director of Ken Gunn Consulting

Gunn also sees potential for some sector consolidation: "There are only 27 operators in Europe who manage more than one outlet centre," he says. "While some of those own a cluster of outlet holdings, many assets are undermanaged by 'one-trick ponies', with narrow skill sets and limited negotiating power. It's logical to think that investors will attempt to consolidate individually-owned centers and smaller portfolios into larger, strategically managed, value added portfolios in the next few years."





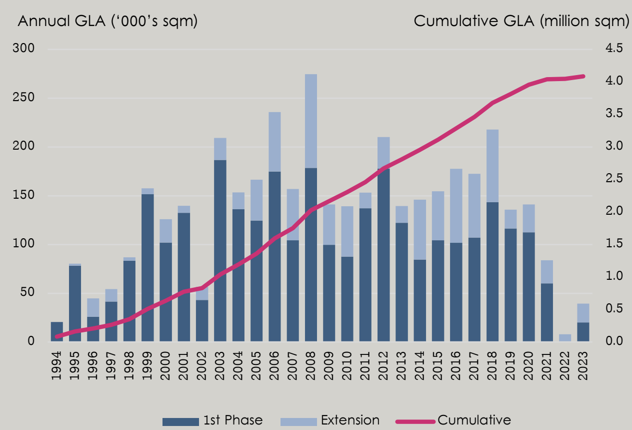
Top tier sites are highly prized by investors such as La Salle IM, DWS, Nuveen, Aviva and Hammerson, command substantial values and rarely come to market. So the best opportunities are either through indirect investments in leading sites, acquisition of sites lower down the hierarchy or development of new locations.

Given the operational nature of outlet assets, picking those investments with the greatest prospects for success is a challenge for inexperienced investors. Gunn advises, “New entrants should first seek out those advisers and operators who combine the depth of knowledge necessary to pinpoint winning opportunities, with the entrepreneurial expertise needed to unlock the substantial increases in value, which the outlet sector undoubtably offers.”

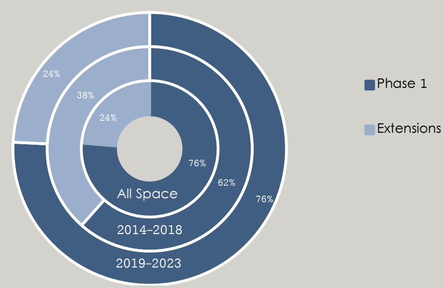
Despite high interest rates forcing a pause in the development pipeline, Gunn sees scope for floorspace to rise to 5 million sq m in the future. “Parts of Northern and Western Europe lack appropriate upper tier sites; and outlet shopping has still to reach growing economies such as Slovenia or Albania, while Germany and the Nordic region are well below European provision benchmarks,“ Gunn notes.

London Designer Outlet UK

An already slowing development pipeline was all but halted in 2022, as rising interest rates undermined the profitability of new projects.



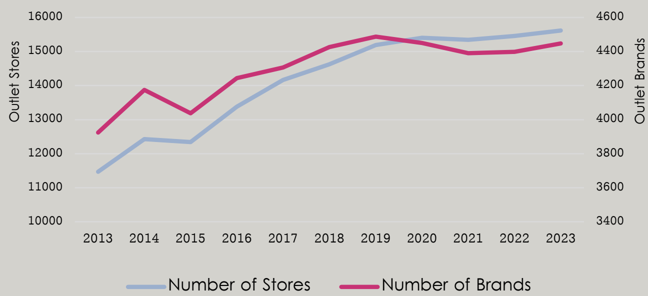
Source: Ken Gunn Consulting



Source: Ken Gunn Consulting

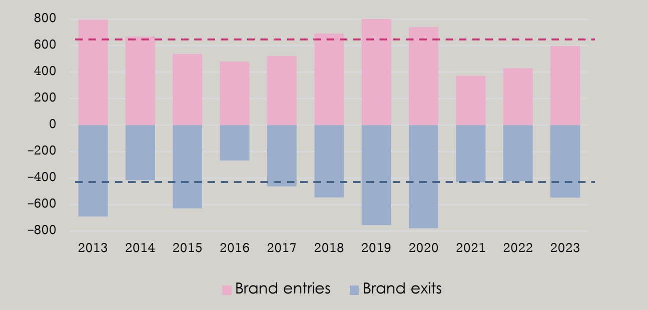
The number of brands fell in 2020 and 2021 but is now growing. There are still fewer brands today than in 2019 but the average portfolio is 3.7% larger and the fashion offer is stronger

Following Covid-19, the presence of brands is close to 2019 levels



Source: Ken Gunn Consulting

Brand exits and entries are close to 10-year average

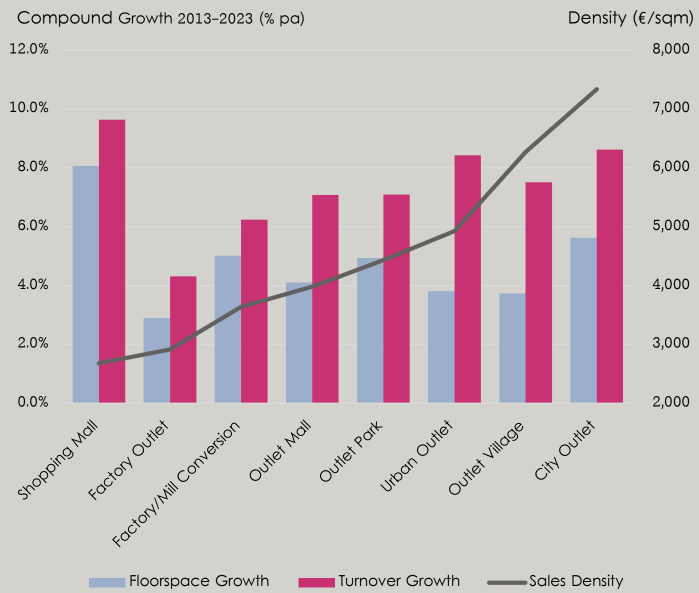


Source: Ken Gunn Consulting

Bicester Village, UK

Designer Outlet Salzburg, AT

Development may not always lead to more successful outlet centres. For example, shopping mall conversions are the fastest growing format but produce the lowest average sales density



Source: Ken Gunn Consulting

WINNING FORMATS 2023

The top eight in Ken Gunn Consulting's brand-based ranking of 212 centres remain unchanged. Kildare Village enters the top ten and OC Metzingen climbs 6 places. Four operators manage twenty-eight of the top forty sites with Italy the leading country in Europe for quality outlet centres.

European Outlet Industry | Top 40 Sites[1]

2023 Rank	Centre Name	Country	Brand Mass (ABM)	Brand Quality (ABQ)	Change in Rank vs 2022
1	Bicester Village	GB	1,484	9.1	0
2	Serravalle DO	IT	1,321	5.7	0
3	Roermond DO	NL	1,181	5.8	0
4	La Roca Village	ES	1,106	7.6	0
5	Parndorf DO	AT	982	5.6	0
6	Noventa di Piave DO	IT	956	5.7	0
7	La Vallee Village	FR	895	8.4	0
8	Foxtown Mendrisio	CH	893	5.5	0
9	Kildare Village	IE	881	7.5	9
10	Castel Romano DO	IT	847	5.3	0
11	OC Metzingen	DE	803	5.9	6
12	Fidenza Village	IT	794	6.8	0
13	Wertheim Village	DE	791	6.5	-2
14	Maasmechelen Village	BE	778	7.1	5
15	Cheshire Oaks DO	GB	768	5.0	0
16	La Reggia DO	IT	733	4.6	4
17	Ingolstadt Village	DE	729	6.8	-4
18	Belaya Dacha OV	RU	720	4.3	-4
19	Vnukovo OV	RU	712	4.3	-3
20	Las Rozas Village	ES	698	7.3	-11
21	Valmontone Outlet	IT	675	3.7	0
22	Franciacorta Village	IT	648	4.2	1
23	Gunwharf Quays	GB	636	4.9	2
24	Sicilia FV	IT	634	4.8	-2
25	The Village	FR	633	4.9	-1
26	Barberino DO	IT	629	4.8	1
27	Neumunster DO	DE	625	5.0	-1
28	Batavia Stad FO	NL	603	4.5	0
29	Scalo Milano & More	IT	579	4.0	2
30	York DO	GB	570	4.6	4
31	FO Lisbon	PT	567	4.5	1
32	Provence DO	FR	563	4.8	-2
33	Zweibrücken FO	DE	562	4.9	0
34	Vicolungo - TSO	IT	550	4.1	-5
35	Novaya Riga	RU	539	3.8	12
36	OV Pulkovo	RU	513	4.0	0
37	Ashford DO	GB	500	4.7	3
38	Vila do Conde FO	PT	487	4.6	-3
39	Berlin DO	DE	472	4.9	-1
40	Troyes DO	FR	470	4.4	-3

[1] The full ranking of 212 outlet centres is available from Ken Gunn Consulting

Source: Ken Gunn Consulting

WE TALK ABOUT GUESTS, NOT ABOUT CUSTOMERS!

In its 25th anniversary year, the Designer Outlet Parndorf celebrates the most successful year in the location's history. ACROSS spoke to Mario Schwann, General Manager Designer Outlet Parndorf, about the return of international visitors, why maximum service orientation almost like in a first class hotel is the be-all and end-all, and what trends and developments are taking place at the location.

ACROSS: ***YOU ARE CELEBRATING 25 YEARS OF DESIGNER OUTLET PARNDORF THIS YEAR. WAS THE ANNIVERSARY YEAR ABLE TO BUILD ON THE SUCCESS STORY OF THE LOCATION?***
MARIO SCHWANN: We are still a few weeks away from the important Christmas business, but we can already say that 2023 will be the most successful year in the history of the Designer Outlet Parndorf. Our anniversary campaigns and promotions have paid off. Our sales are well above 2019, and we expect more than 6.5 million guests in Parndorf to shop by the end of the year. We have had an excellent start to the year, and our brand partners have proven themselves once again. We have seen strong growth across all quarters. Most recently, Black Friday Days were a great success, and now Christmas shopping is on the agenda. The fourth quarter will crown what has already been a successful year.

ACROSS: ***THIS IS IN CONTRAST TO MANY OTHER INDUSTRY PLAYERS.***
SCHWANN: As a designer outlet, we are developing in the opposite direction to the general trend in retail. The general economic situation tends to mean that people are shopping more in outlets. We also want to make it as easy as possible for our guests - and open the center for longer around Christmas, Mon - Fri from 9am to 9pm. Just like we did in the summer. But it's not just footfall that has increased; per capita sales have also risen.

ACROSS: ***WHO WERE THE MOST IMPORTANT VISITOR GROUPS FOR PARNDORF?***


IMAGE: MCARTHURGLEN/DANIEL BOINTNER

Mario Schwann is General Manager of Designer Outlet Parndorf

SCHWANN: Domestic tourism continues to be the strongest. This is followed by guests from the neighboring countries of Slovakia, Hungary, and the Czech Republic. But we are also continuing to look towards Serbia and Romania. We were able to achieve outstanding visitor numbers from these regions again. International tourism from China has not yet returned but it is on the rise again. Regarding tax-free sales, we are at just under 75 percent of 2019. We are confident that we will be able to achieve significantly higher frequency increases from international tourists from China, Southeast Asia, and the Middle East in 2024. We are once again a bookable element with the major tour operators, which is a very good sign.

IMAGE: DOP_PRESSE/WWW.NEONWAVE.STUDIO

2023 sales are well above 2019, and the outlet expects more than 6.5 million guests in Parndorf to shop by the end of the year.

IMAGE: MCARTHURGLEN/MÁRTON KOVÁTS

Still a few weeks away from the important Christmas business, the management can already say that 2023 will be the most successful year in the history of the Designer Outlet Parndorf.

ACROSS: ***WHICH SEGMENTS HAVE GROWN IN PARTICULAR THIS YEAR?***

SCHWANN: We were able to grow in all categories. The luxury segment developed well, and luxury will remain a significant topic in the future. Over the past three years, we have transformed a total area of 17,000 sq m at our location. We have renovated, expanded, remodeled, and moved stores to other areas. These changes have had a positive impact on the different segments. Our push in the catering sector was also significant. For a long time, gastronomy was of secondary importance for the entire outlet sector. However, these times are over, and we have been able to make substantial gains here. For example, we were able to open a great Austrian concept this year with Le Burger. With Lia's, we have an exciting Austrian idea at the location. But our food truck area is also very popular with our guests.

ACROSS: ***SPACE IS A TOPIC OF DISCUSSION IN THE OUTLET SECTOR. MORE AND MORE FLAGSHIP STORES ARE OPENING WITH UP TO 1000 SQ M. IS THIS A TREND?***

SCHWANN: I don't see a clear trend here. The size of a store depends on how a brand positions itself. Some brands demand large spaces due to their product range and appeal. Of course, we are in dialog with the brand partners when we see the high productivity confirmed. We have several flagship stores in Parndorf. But we are very much interested in maintaining the boutique character. 100 to 300 sq m – these are the store sizes we aim for. This leads to more brands for a location. With exclusively large stores, the location's appeal would be lost.

ACROSS: ***WHAT ISSUES ARE YOU CURRENTLY DEALING WITH?***

SCHWANN: The fundamental issue is always the optimization of the location. We are examining all options in this respect. As already mentioned, tourism is becoming increasingly important. Not only is the return of customer groups relevant here, but we are also approaching new markets like USA and India. We see clear potential here. Vienna is welcoming more and more Americans, who we naturally also want to host as guests in Parndorf.

ACROSS: ***IT IS NOTICEABLE THAT YOU SPEAK ALMOST EXCLUSIVELY OF GUESTS RATHER THAN CUSTOMERS.***

SCHWANN: That is a very conscious attitude. Welcoming and the feeling of being a guest at the outlet are essential parts of our consumer experience. The idea is to welcome customers as if they were in a hotel.

ACROSS: ***WHAT DOES THAT MEAN IN CONCRETE TERMS?***

SCHWANN: This is also best described in terms of tourists. For example, we have opened an additional guest service desk to welcome tour groups and individual travelers. We also have employees who speak German, English, Hungarian, Slovakian, Romanian, Chinese, or Arabic. These

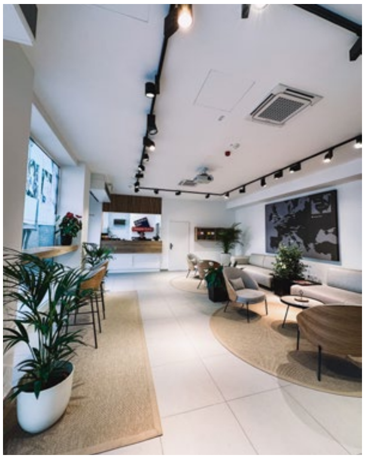


IMAGE: DOP_PRESSE/WWW.NEONWAVE.STUDIO

IMAGE: MCARTHURGLEN

Welcoming and the feeling of being a guest at the outlet are essential parts of the consumer experience. This includes best service digital and physical as well as offering places to rest and relax during a shopping trip.

employees greet customer groups and sometimes guide them through the center. They know precisely which group has which focus. We have also equipped the center with digital tokens that guests can use to obtain information. However, it is crucial to engage with guests even when they are not there. We have our tourism department within the Group, which works very closely with the tour operators. For example, we also have a team in China, which has kept us up to date with consumer trends over the past few years. It is also essential for international visitor groups – and this is where the hotel character comes into play again – to create opportunities to retreat. International guests sometimes spend many hours on the road. They need physical spaces where they can relax while they store. These are all examples of our attitude towards our guests; we want to take on even more.

ACROSS:* *HOWEVER, THIS KIND OF SERVICE ORIENTATION REQUIRES MANY GOOD EMPLOYEES – A RARE COMMODITY IN THIS INDUSTRY.

SCHWANN: One significant advantage – in contrast to other industry players – is that we have no problem finding employees. We benefit from our proximity to the border and have access to employees from home and abroad. But there is much more to it than that. We have to prove ourselves time and again as an attractive employer. This also means we work closely with our brand partners and sometimes support them in employee training. The luxury sector is vital here. We need a large number of highly trained employees with excellent language skills.

ACROSS:* *WHAT DOES THIS TRAINING AND SUPPORT LOOK LIKE?

SCHWANN: Employee training is a cross-location issue at McArthur Glen. McArthur Glen has set up its own Retail Academy to provide our employees with ongoing education and training. This is a core topic within the Group. The Retail Academy offers specific intercultural training, language, and sales training. These programs are also explicitly aimed at our brand partners. Of course, not all of them participate, as many major brands have their own programs. Some training courses are organized centrally, but some trainers come to our site. The investment in employees pays off – for the customer and us. In addition we offer all our brand partners a new online training tool called Modo where we are able to train all our employees 24 hours in various topics such as visual merchandising, leadership, sales services and English. The big advantage is that this training can be done on laptops, smart phones or I – pads. We are focusing on further enlarge the training program with other sales relevant topics in the near future.

ACROSS:* *BESIDES FINDING EMPLOYEES, THE FREQUENT LACK OF TRANSPORT LINKS IS ALSO A HOTLY DEBATED TOPIC IN THE OUTLET SECTOR. WHAT IS HAPPENING HERE IN PARNDORF?

SCHWANN: We have been connected to the public transport network for a year now. An electric bus runs directly from Parndorf train station to our center. This means guests can now travel to us by train from Vienna, Bratislava, or Vienna. That was a big step. There is also our shuttle bus that runs from the Vienna Opera and a Flixbus coming from Budapest. We are currently launching a project for electric charging stations. The topic of transport is very closely linked to environmental issues. Photovoltaics will play a significant role here in the coming year.

ACROSS:* *FINALLY, HOW IS PARNDORF DRIVING DIGITALIZATION FORWARD?

SCHWANN: The outlet business focuses on the stationary business and creating worlds of experience. We optimize physical spaces so guests can immerse themselves in the brand worlds and we want to make them tangible. Of course, there are brand partners who bring the digital world to brick-and-mortar retail. Click-and-collect options are an example of this. However, these projects are still in their infancy. The sports sector, in particular, has repeatedly made advances in this area, but on the whole, omnichannel solutions are not a big issue for us.

IMAGE: MCARTHURGLEN

Retail Academy by McArthurGlen: Launched in July 2023 in 24 Centers across Europe (UK, Italy, Spain, Germany, Austria and Netherlands.)

Twenty-five years of Designer Outlet Parndorf: It all started with a clear vision. Learn more about the development of the location, decisions about the brand mix, the development as a tourist location, and why the geographical location at the border triangle of Austria, Hungary, and Slovakia always pays off, especially in challenging times.

Designer Outlet Parndorf: The outlet giant in little Austria turns 25! - ACROSS (across-magazine.com)


OPENING IN
SPRING
2024
MAMA KELLY
BISTRO
Westfield

"VALUE AND QUALITY – THAT'S WHAT IT'S ALL ABOUT"

The biggest challenge facing the F&B industry is the cost of doing business. While the coronavirus has run its course through the markets, operators are struggling to return to profitability in the face of current economic challenges. Ian Hanlon, Director of Coverpoint, explains how the current challenges can be addressed and highlights trends in the shopping center food scene using best practice examples from the industry.

IMAGE: HOLY GREENS

Holy Greens is a 27-strong restaurant chain that is based in Sweden and focused on health and sustainability. The ingredients grown in Sweden and are available at stores featuring a cool Scandinavian design.

IMAGE: BEETS & ROOTS

Beets & Roots specializes in healthy bowls, salads, and wraps and has 14 locations in Germany.

ACROSS: ***THE ROLE OF F&B HAS CHANGED FOR RETAIL REAL ESTATE. WHAT DOES THAT MEAN FOR ASSET MANAGERS?***

IAN HANLON: Shopping centers need to focus on providing a food service offering that "fits" their respective surroundings and meets the expectations and requirements of their guests. Regardless of the concept, asset managers need to be aware of the food service trends that are shaping the industry and that will permeate the shopping center world, such as the trend toward healthy eating, the importance of sustainability, the need to provide an experience, the increased use of technology, and the growing importance of "local heroes" to serve as differentiators from the "mass market".

ACROSS: ***HOW DOES A SHOPPING CENTER DETERMINE THE RIGHT F&B CONCEPT?***

HANLON: There is, of course, no "one size fits all" solution. Each asset has a unique set of characteristics that must be considered when developing the strategy, the concept and the target tenants that will bring the concept to life. A city center location requires a different concept than an out-of-town location or a location that requires driving to, and an asset that is daytime or retail/grocery focused is different from a center that is late evening focused, etc. In addition to the characteristics of the shopping center itself, the size of the catchment area and the demographic makeup of the district are very important at the macro level. The analysis of office populations, residential levels and locations, as well as food service competition follows at the micro level.

ACROSS: ***COULD YOU GIVE US AN EXAMPLE?***
HANLON: Let's take the concept of a food hall as an example, as it is very trendy and every landlord and developer seems to be interested in incorporating one into their asset. Food halls are not a golden ticket to success in the restaurant industry, as they require a number of specific variables in order to be feasible. Typically, revenues from food halls with only one primary tenant, in which the operator curates the food service mix itself and subleases kiosk space, are composed of about 70% food and 30% bar sales, with the primary tenant operating the bars and keeping the profit generated from them. Therefore, an evening economy is critical. To ensure that there is all-day and evening business, food halls need large office and residential populations for take-out breakfasts, strong lunch business, post-work drinks, and late dinners and socializing. Larger food halls also require a boost from the tourism market, which is why most food halls are located in city centers. They also typically require architectural accents, usually historical features, which is why there are so few of these types of food halls in shopping centers.

ACROSS: ***WHAT F&B CONCEPTS DO YOU THINK ARE THE MOST EXCITING AT THE MOMENT?***
HANLON: The area of fast-casual concepts is by far the most exciting, especially at shopping centers. It is still the fastest growing food service category in all European markets. Fast casual is a step above "traditional" fast food in terms of product quality and price point, but it falls below the cost of eating and dwell time length of the casual dining sector. It is typically focused on one product type that is prepared extremely well, such as better-quality burgers, Korean fried chicken, and poke bowls. Many of the best examples in this sector have their roots in street food and food trucks before becoming growth-funded and opening brick-and-mortar restaurants at shopping centers, such as Pizza Pilgrims and Bao in the UK or Pasibus in Poland. What's exciting about concepts like these, particularly in the fast-casual sector, is the entrepreneurial spirit and the love for the product and service – that's what hospitality should really be about.

ACROSS: ***WHAT ARE SOME OTHER EXAMPLES?***
HANLON: In terms of specific F&B concepts that are really standing out right now, the steadfast movement toward healthier lifestyles and feeling good about yourself has seen the rise of concepts like Holy Greens and Beets & Roots. Poke concepts are high on the agenda of shopping center leasing teams, and there is a growing pool of quality operators ready to take on units like Island Poke in the U.K., Hawaii Poke in Sweden, and Ma'loa in Germany. Healthy, vegan, and vegetarian food used to be a category often overlooked at shopping centers, but now it is experiencing tremendous growth. INGKA Centres' opening of the first Saluhall Food Hall in 2024 at its Meeting Place in San Fransisco is also a sign of this healthy movement.

ACROSS: ***WHAT DO YOU THINK IS THE BIGGEST CHALLENGE IN THE F&B INDUSTRY?***
HANLON: Without question, it's the cost of doing business. While most operators have returned to pre-COVID-19 revenue levels, profitability certainly has not. Rising costs across the board, including energy hikes, business rates,

IMAGE: STONEGATE GROUP

DYNAMIC PRICING IN THE HOSPITALITY INDUSTRY:

The Stonegate Group, UK's largest pub group, started charging 20 percent more for a pint of beer during busier times, in order to help to cover increased costs during those times, predominantly increased staffing levels. While dynamic pricing is commonplace in the aviation and hotel industries, as well as with companies such as Airbnb and Uber, this is, perhaps, the first time it has been done in the F&B sector. The response has been mixed, with more negative than positive comments from competitors and consumers.

ingredient cost increases due to food inflation, higher labor costs and staffing shortages, and COVID-19 debt hangover – it really is a perfect storm of cost challenges. Moreover, we cannot ignore the effect that COVID-19 had on the industry, particularly COVID-19 debt. We currently find ourselves in a situation in which some operators are spending 6% of their annual turnover to service the debt accrued, while making less than a 5% margin as a result of all the other cost increases. It is an unsustainable model, and that is why we are still seeing swathes of F&B closures across Europe. The pandemic culling of mediocre brands, particularly in the broad menu and mid-market sector, should have paved the way for the stronger, more agile, and more relevant brands and concepts to survive, thrive, and grow. However, the combination of legacy debt and current cost pressures is, in some cases, severely impacting the ability to break even, let alone make a profit.

IMAGE: TRINITY KITCHEN

Trinity Kitchen in Leeds, UK, is one of the oldest examples of local offers being successfully combined with inter-national offers within a shopping center.

***ACROSS:* IN ADDITION, THERE IS AN ONGOING LABOR SHORTAGE IN EUROPE.**

HANLON: The perception of the hospitality industry as low-paid and with long, unsociable hours has made it unattractive, especially to the Generation Z labor market. That particular demographic makes up 32% of the world's population, but only 11% of the workforce. Over 40% of Gen Z want jobs with purpose that are linked to the planet or the community. That must be taken into account when it comes to the battle for talent.

***ACROSS:* HOW SHOULD SUCH CHALLENGES BE ADDRESSED?**

HANLON: It ultimately comes down to improving the bottom-line margin, and there are only two ways to achieve that goal: Raise prices to maintain sales, or cut costs – or both. With consumer spending on eating out squeezed due to their own cost pressures, F&B operators are naturally reluctant to increase sales prices, but it quite simply must be done in order to ensure survival and to create a foothold for growth. Those cost pressures are being felt throughout the entire industry. The most price-sensitive sector, fast food, with its low average spend, was the first to react. McDonald's in the UK, for example, increased the price of its classic single cheeseburger in the summer of 2022 – for the first time in 14 years, from 99p (€1.15) to £1.19 (€1.38), an increase of 20%. Accordingly, the refuel & relax sector, which includes Starbucks, Pret a Manger, and Caffe Nero posted higher coffee prices; then the fast casual sector, which includes some popular dishes made by Nandos, increased by over 20%; then casual dining, featuring brands such as Zizzi and The Real Greek, followed. Consumers have gotten used to paying more, but persistent price increases will be difficult to maintain and justify.

***ACROSS:* THE FLIP SIDE WOULD BE TO REDUCE PRODUCTION COSTS.**

HANLON: We are finally seeing signs of food inflation slowing down in Europe, but unit cost prices will inevitably still be higher than they were pre-pandemic. There is a distinct trend towards fast casual, an area in which a short menu of one or two key ingredients is executed well to ensure both quality and more efficient waste management. It also requires less labor. We are seeing this fast casual movement at both shopping centers as well as in the make-up of all the new food halls that are trading across Europe.

Regarding waste costs, there is increased collaboration between center management and F&B operators. In 2021, for example, in order to improve upon their zero waste to landfill policy, Westfield Stratford City in London introduced the WasteMaster system at the asset. The anaerobic digestion system creates green energy, diverts tons of food waste produced by the F&B operators away from sewers, and has reduced food waste volumes by 70%. With energy cost savings in mind, we are seeing a trend towards more self-sufficient initiatives. McDonald's, for example, opened its first net-zero restaurant in the UK in 2021, powered by a combination of wind turbines and solar panels for its everyday operation.

In terms of the labor shortage situation across the industry, we are seeing the increased use of technology to replace functions previously carried out by staff members. Digital order screens are now commonplace at the big fast-food chains. It is a trend that has filtered through to the fast casual and ready-to-eat sectors. However, all examples of this trend are all predominantly found at the QSR, high volume, high production, high throughput operators. It has not really engrained itself in casual dining offers, because that sector is more about the guest experience and staff interaction, and less about functionality and convenience. In this scenario, staff retention is critical.


IMAGE: COVERPOINT

IAN HANLON

Ian Hanlon specializes in retail food service development, and his forte lies in the shopping center food service arena. He is the Director of Coverpoint, a dedicated food service consultancy team that has worked in every international market over the past 25 years. Among a host of other issues, sustainability has become an important part of their consulting work. Coverpoint recently published its annual report, "Sustainability in Food Service – for a Better Tomorrow", to shed light on the issue.

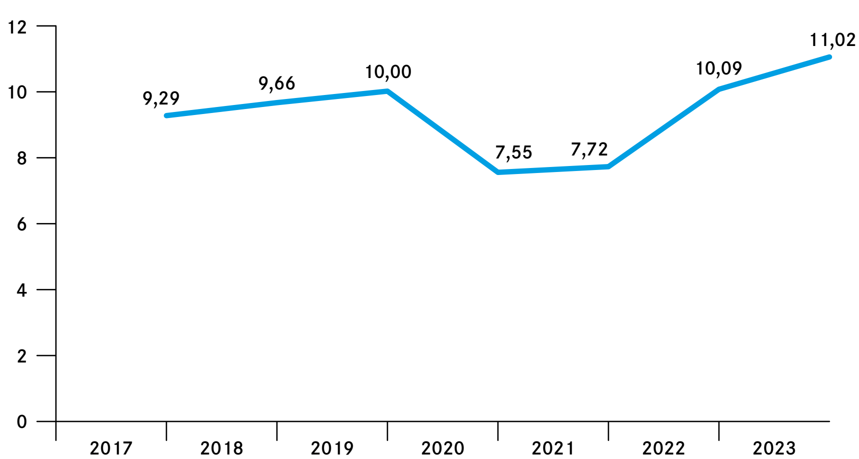
MUCH OPTIMISM FOR THE CURRENT YEAR

Frequency, length of stay, atmosphere – there are many reasons why gastronomic offerings are an essential part of retail. Olaf Hohmann, Head of Retail Gastronomy Research at the EHI Retail Institute, uses Germany as an example to show the development, trends, and potential of retail gastronomy.

Retailers in Germany have reached pre-Corona levels with their restaurant sales in 2022. This is one of the findings of the EHI white paper "Retail Gastronomy in Germany," which was produced in cooperation with GfK. For 2023, the surveyed retail caterers continue to expect a significant increase in sales.

The participating retailers expect a positive development with an average increase of 9.2 percent, so in 2023, total sales in the retail gastronomy sector are expected to be around 11 billion euros. However, growth is driven to a significant extent by price developments. For example, increased spending on food and energy has also been reflected in the prices of retail gastronomy offerings and contributed to the increase in sales. In 2020, trade restaurant sales were down about 24.5 percent from pre-Corona 2019 due to the Covid 19 pandemic. In the following year, 2021, sales rebounded slightly, down 22.8 percent from 2019. In 2022, trade food service sales benefited from the end of the pandemic, reaching about 10 billion euros, the same level as in the pre-Corona year of 2019.

Sales development of the retail gastronomy sector from 2017 to 2022 and a forecast for 2023 (in billions of euros)

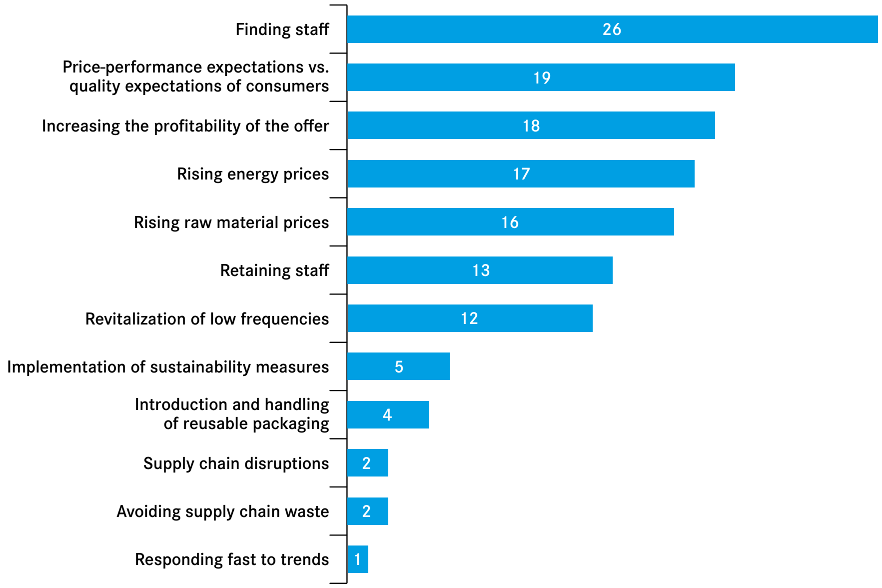


The figures are based on EHI's internal data collection, expert estimates, and extrapolated data from surveyed retail companies for 2017 to 2022, as well as the forecast for 2023. Source: EHI

DEFINITION RETAIL GASTRONOMY:

Retail Gastronomy is the continuous offer of gastronomic services as well as beverages and ready-to-eat prepared meals that are directly or conceptually related to retail activities.

The most significant current challenges in the area of retail gastronomy from the point of view of retailers (number of mentions)

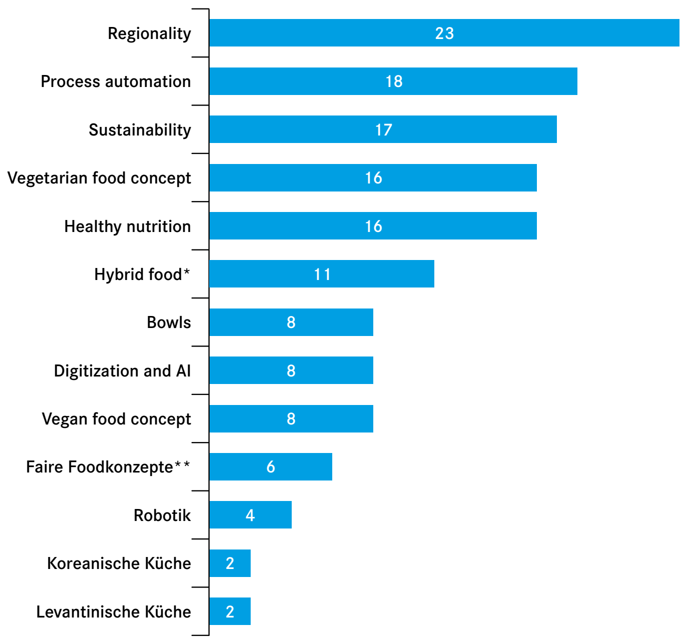


N=34 Retailing companies/16,204 stores; results based on the number of companies; multiple answers were possible (up to 5). Source: EHI

ENSURING PROFITABILITY

Despite all the optimism, the challenges for commercial gastronomy and their offerings have remained. Staff shortages and the increasing price orientation of consumers are key factors. In conjunction with rising raw material and energy prices, the aim is to secure the profitability of the offering.

Most promising trends in retail gastronomy in the next three years from the retailers' point of view (number of mentions)



In this context, process automation is cited as one of the most promising trends for the next three years. Digitization and the use of robotics and AI can help reduce the workload of employees and help meet customers' needs and expectations. Retailers also see future potential in the food sector in plant-based and overall healthy nutrition, regional cuisine, including the processing of local and/or fair-trade products, or in the dishes of Korean and Levantine cuisine.

PURCHASING POWER INCREASES WITH AGE

Well over half of spending in the retail gastronomy sector is made by customers over the age of 45 – and this trend is increasing. On the other hand, spending by younger age groups is declining, contrary to general market trends in retail gastronomy. For long-term and sustainable growth, an attractive, possibly new range of products should be created for younger target groups without neglecting the older target groups and the "classics of retail gastronomy," i.e., the best-selling dishes such as sandwiches, meatloaf, home-style cooking, or pizza and pasta.

On average, customers in the retail gastronomy sector spend 5.43 euros per purchase (a 2022 to March 2023). This means that the average receipt of 4.90 euros has risen by 10.8 percent compared with the same period of the previous year. The group with the most significant purchasing power is the 55+ age group, which spends an average of 5.70 euros on its meals or snacks. Breakfast, lunch, and snacks between meals dominate the distribution of consumer spending by time of day. Customers spend the most on meals in the morning and at lunchtime. Spending on snacks in the morning and afternoon is also high, with a share of almost 30 percent.

REUSABLE AND DISPOSABLE PACKAGING

Since January 1, 2023, the reusable offer obligation for take-away food and beverages has been in force. It obliges restaurants, cafés, and grocery stores, among others, to offer packaged food and drinks in reusable packaging. However, despite the reusable offer, the use of disposable packaging dominates. In commercial gastronomy, reusable packaging is used in seven out of 100 cases when serving food and beverages. Why this is the case can only be surmised so far. Several suppliers on the market offer different reusable packaging and dispensing concepts.

However, the containers can only be returned to specific locations or exclusively to the providers' cooperation partners. There are numerous situations in which it is much easier for consumers to use disposable packaging, or handling reusable packaging proves too cumbersome. A uniform nationwide system with many drop-off points without a registration process, customer account, app down-loads, or the provision of personal data would presumably make many things easier, faster, and more convenient from the customer's point of view.

Formats and types of businesses in retail gastronomy

Pre-checkout area	Fast-Food-Service	Convenience/ Ready-to-eat	Free-Flow	Service
Bakery	Quick service	Convenience products on the shelves	Restaurant	Restaurant
Café	Snacking	DIY food	Front cooking	Deli
Snack stand	Hot-food counter	Salad bar	Food court /food-hub (shopping center)	Bar
Consumption area only	Food truck (parking lot)			Café
	Take-away			Delivery service

IMAGE: EHI

Olaf Hohmann is a member of the management board and Head of Retail Gastronomy Research at the EHI Retail Institute, Cologne, Germany.

EHI WHITE PAPER
RETAIL GASTRONOMY IN GERMANY 2023

The white paper compiles all essential data on market activity from the perspective of retailers and consumers. For this purpose, EHI surveyed 34 retailers. GfK, as a cooperation partner, contributed current consumer data from the Out-of-Home (OOH) panel.

"LOOK AT TOMORROW'S OPPORTUNITIES INSTEAD OF TODAY'S PROBLEMS."

While the mood in Central and Western Europe's retail sector is dominated by "gray clouds", center developers and operators from the SEE and CEE regions are in a completely different situation. In this interview Rüdiger Dany, CEO of NEPI Rockcastle, explains his 700 million development pipeline, how NEPI is profiting from ESG, and in which regard the West can learn something from the East.

IMAGE: NEPI ROCKCASTLE

Promenada in Novi Sad, Serbia

IMAGE: NEPI ROCKCASTLE

Rüdiger Dany is CEO of NEPI Rockcastle

ACROSS: ***TO START THINGS OFF, LET'S TAKE A QUICK LOOK BACK: HOW DID NEPI ROCKCASTLE DO IN THE PAST 12 MONTHS?***

RÜDIGER DANY: Last year was a comeback period for us. Since the second quarter of 2022, we have had double-digit growth rates every quarter. In the first quarter of 2023, our tenants also saw a good increase in sales. That is reflected in the NOI, which means we have excellent growth rates and are on budget. The comeback of brick-and-mortar retail is also accompanied by a decline in sales for online retailers. Although online retail continues to grow at 3-5 percent, this is not significant in the overall market. Developments in the capital market are also paying dividends in this respect. In times of high inflation and interest rates, companies must show their shareholders they are growing and profitable. Our sales growth in the stationary business is currently affected by inflation. However, our tenants' sales are still above the inflation figures, and that makes for satisfied partners; our OCRs are now under 13%. That is a very different starting position and mood than in Western Europe.

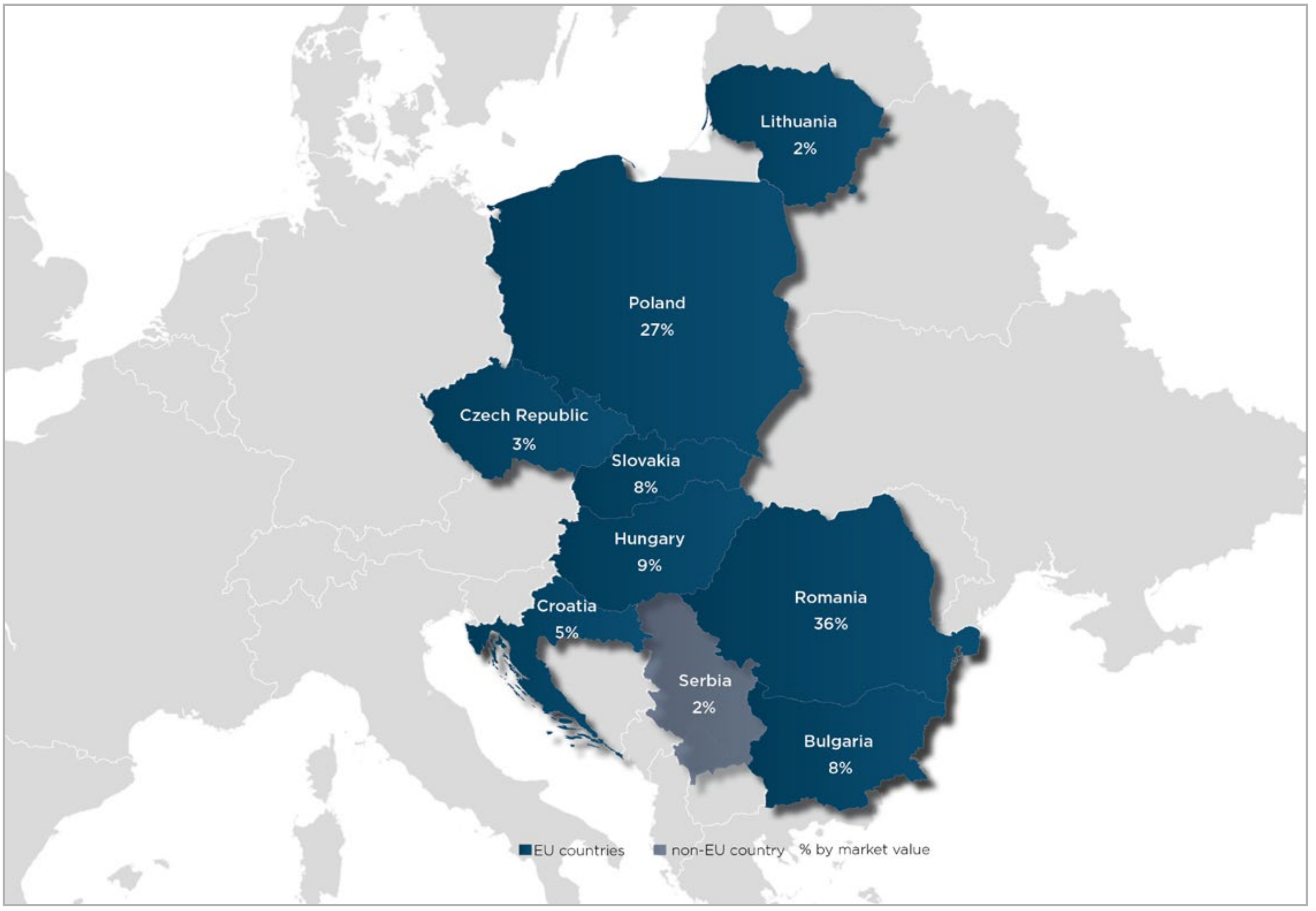


IMAGE: NEPI ROCKCASTLE

Property Portfolio NEPI Rockcastle: 9 countries, 59 properties, 6.8 billion Euro value of investment property

ACROSS:* *THE CONTRAST IS STRIKING. IN WESTERN EUROPE, NEWSPAPERS ARE FULL OF NEGATIVE NEWS REGARDING RETAIL. INSOLVENCIES, LABOR SHORTAGES, AND HIGH INFLATION ARE JUST SOME BUZZWORDS. WHAT IS ESSENTIALLY DIFFERENT IN YOUR MARKETS?

DANY: For me, there are two main issues. The first has grown historically. There is no classic high street in Central and Eastern Europe. If you want to shop, you must go to a shopping center. What has developed in the highstreet area is more high-end and not an alternative for the average consumer. Therefore, our starting point is different. The second factor, which is more severe but also more challenging to measure, is the shopper behavior and mentality. In Western Europe, especially in Germany, there is a great fear of loss of prosperity. However, people in our markets are going through their third inflationary phase. They know that this situation will continue and they are more resistant to crises. This is different in very saturated markets like Germany or France. There, many people think they have to hold on to their money to be able to pay their bills tomorrow. In our markets, people believe they should spend the money today in case it will be worth less tomorrow. We also don't have any problems in the labor market. Retailers can find enough staff, and the employees are excellently trained.

ACROSS:* *ARE THE FOOTFALL NUMBERS AS POSITIVE AS THE SALES FIGURES?

DANY: No, we had seen well into 2022 that sales were already at the 2019 level, but at the same time, the frequencies still showed a minus of 8-9 percent. The people who

IMAGE: NEPI ROCKCASTLE

Arena Mall in Budapest, Hungary

IMAGE: NEPI ROCKCASTLE

Forum Gdańsk in Poland

were coming to the centers were actually buying, and the so-called window-shoppers stayed away. That has changed now. Our numbers are now back to the level of 2019, and that was, after all, the best year in NEPI Rockcastle's corporate history.

***ACROSS:* LET'S TAKE A CLOSER LOOK AT YOUR BUSINESS: WHAT TRENDS ARE YOU OBSERVING IN YOUR CENTERS?**

DANY: When sales are good, retailers are more willing to expand. Concepts based in Western Europe are increasingly coming to the CEE/SEE region, as the returns are higher here. One example we are proud of is Lefties. The Inditex concept will open on 4000 sq m in Romania's city of Craiova at the beginning of October. At the same time, retailers already represented, such as Peek & Cloppenburg or Kaufland are also requesting more space. We currently have a two percent vacancy rate in the retail sector. The demand from retailers who want to expand with us is significantly higher than the space we can provide.

***ACROSS:* WHAT IS YOUR GENERAL STRATEGY FOR CENTER DEVELOPMENT? ARE YOU MOVING TOWARD MORE MIXED-USE OR INTEGRATING SERVICES?**

DANY: Retail is constantly changing. But the primary input still comes from our tenants. An important issue for us and the entire industry is that our centers must be essential providers for the community. For us, this means cooperating with the cities to offer certain services. A lot is also happening in the entertainment sector. Cinemas, in particular, have to look very different today than they did five years ago. They are currently making a massive comeback. We had to support cinemas extensively during the Covid era. Now that they're doing well again, they are bringing us several thousands more people into the centers every day, and of course, this is fueling related sectors like food courts. The trends and changes we need to follow in the centers are evident. Dining experiences are important. In the entertainment sector, the topic of musicals is coming up strongly. Some operators can copy internationally successful musicals locally, and they are very well received. Suitable venues are needed for this. We can offer the operators great spaces and create added value for consumers. For example, we are already making concrete plans for Bucharest, and have already taken such concepts into account architecturally.

***ACROSS:* WHAT CURRENT AND FUTURE DEVELOPMENT PROJECTS ARE YOU FOCUSING ON?**

DANY: We have a total pipeline of projects - either under construction or already approved - of over 700 million euros. The expansion of Promenada in Bucharest, Romania, including the construction of a business center, is underway. The first 80 million euros have already been invested there, with a further 140 million euros pending. This is one of our most significant expansion projects. Bonarka City Center in Krakow, Poland, is also being completely refurbished during ongoing operations. The investment for this property alone amounts to 80 million euros. In addition, Promenada Craiova in Bucharest, Romania, is a 140 million euro investment. Here we are opening a new shopping center with 60,000 sq m and a directly adjacent 10,000 sq m retail park. We have

IMAGE: NEPI ROCKCASTLE

By the end of this year NEPI Rockcastle will have invested 37 million euros in 30 assets to generate and sell their own electricity.

IMAGE: NEPI ROCKCASTLE

Promenada in Sibiu, Romania

another development in Galați, near the Ukrainian border, where we already have a shopping center that performs very well, and we are building a retail park. We are also expanding Ploieşti Shopping City in Romania and Promenada Plovdiv in Bulgaria, where we have purchased a plot of land and are waiting for the building permit for a 60,000-sq m project.

ACROSS:* *YOU ACQUIRED FORUM GDAŃSK IN POLAND AT THE END OF 2022. IS THERE ANYTHING NEW TO TELL ABOUT IT SINCE THEN?

DANY: We are delighted with this acquisition. In the first half of 2023, the center grew by 27 percent in sales compared to the previous year. Of course, this project also has a personal aspect for me, as I was involved in the opening of the center in 2018, while I was still working for Multi Corporation. The asset was already seeing double-digit growth in 2019, and then the pandemic intervened. So, the center needed more time and opportunity to prove itself in the market. Its enormous potential must now be exploited. We see tremendous opportunities to gain further market share. The situation is just as good as the opportunities for expansion.

ACROSS:* *IS THE CENTER ALREADY ONE OF THE BEST PERFORMERS IN THE PORTFOLIO?

DANY: It surely is. But of course, just because they have been on the market longer, we have assets like Arena in Budapest, Hungary, and Arena in Zagreb, Croatia, that perform even better. However, there is no significant opportunity for further development at these locations.

ACROSS:* *MANY COMPANIES HAVE RECENTLY FOCUSED ON EXPANSION IN SEE MARKETS. IS NEPI ALSO INTERESTED IN THIS REGION?

DANY: We are interested in these countries because of their location in Southeastern Europe. However, we have to take a closer look at this region's political and economic stability. Many of these countries do not have good credit ratings. This is a significant disadvantage for us as a stock-listed company. So far, we only have Serbia in our portfolio from this cultural region. Our shopping center in Novi Sad is doing very well, but we are the only center there. In Belgrade, the situation is different. The city is "over-retailed," and beautiful centers such as "Waterfront" therefore have a vacancy rate of up to 40 percent. The assets and tenant mix in countries like Albania or Kosovo are also truly impressive. Though for us, the question is whether the sales there are sustainable. I do consider the possibility of entering these markets. Currently, however, our focus is on increasing density in the countries where we are already active.

ACROSS:* *IN WHICH COUNTRIES DOES NEPI SEE GROWTH POTENTIAL?

DANY: All existing assets have growth potential through expansion and modernization. Our development pipeline is around 700 million euros, so this will give us about 10 percent more retail space in the next three years. When I look at the countries, Poland is a great market, which accounts for 26 percent of our portfolio. However, Poland is also a market that does not need more greenfield projects. Here, our focus is on acquisitions and modernization of existing assets. Romania continues to be a strong market for us, so we will carry on the expansion here. Bulgaria also continues to be exciting as a growth market for NEPI Rockcastle. Croatia is a small market but also offers opportunities. Our strategy is clear: we want to be stronger in the countries where we already are present. In the end, however, it is always a question of opportunities.

ACROSS: ESPECIALLY SINCE THERE ARE SIGNIFICANT ESG INVESTMENTS ON THE HORIZON.

DANY: A major investment area for us is photovoltaics, based at NEPI Energy. By the end of the year, we will have invested 37 million euros in 30 assets to generate and sell our own electricity. This is a profitable business that generates double-digit yields. The plan is to expand this approach across the portfolio. This project is its own business line in terms of scale. The investment has a double purpose. First, we can significantly move down the CO2 footprint of our assets. On average, we produce 30 percent of the energy consumed per asset. On the other hand, the whole thing is highly profitable.

ACROSS: ONE FINAL QUESTION: WHAT CAN WESTERN EUROPE LEARN FROM YOUR MARKETS?

DANY: As explained at the beginning, the different market developments are due to their history and the different mentalities of their consumers. Therefore, there is no one transferable strategy. Nevertheless, I see a general trend toward negative sentiments in Western Europe. In this respect, the West can learn something from Eastern Europe: Think a little further ahead. Don't just look at today's problems; think more about how we can shape tomorrow together. Our industry faces challenges, but retail is here to stay. People want to meet, and they strive for community. The Covid pandemic and the development after it clearly showed that. Focusing on that would help develop a positive attitude.

THE JOURNEY OF THE OUTLET SECTOR HAS JUST BEGUN

The outlet channel performs well – whatever the economic environment. Otto Ambagtsheer, CEO of VIA Outlets, is convinced that the industry's success story will continue. Therefore, VIA Outlets will not only focus on organic growth, but on further acquisitions as well, keeping an eye on ground up developtments. He is also convinced that omnichannel is the right way forward for the outlet industry in the long term.


IMAGE: VIA

Batavia Stad Fashion Outlet, Netherlands


IMAGE: VIA

Otto Ambagtsheer is the CEO of VIA Outlets

ACROSS:* *THE OUTLET SECTOR HAS SIGNIFICANTLY CHANGED OVER THE PAST DECADE. WHAT IS YOUR PERSONAL ASSESSMENT OF ITS DEVELOPMENT?

OTTO AMBAGTSHEER: In the past, the outlet channel was used to sell overstock. Today, outlets are an integral part of a brand's omnichannel strategy. More and more brands have decided to enter the outlet channel because it is too big for retail brands to ignore. The outlet format is a fast-growing channel and a direct channel to the consumer. In most cases, it is also a premium environment. As a result, more and more premium retail brands are choosing to open stores. We strongly focus on placemaking, creating a whole day-out experience with a solid focus on the guest experience. That is where brands want to be.

ACROSS:* *ARE CURRENT CHALLENGES, SUCH AS THE ENERGY CRISIS, INFLATION, AND HIGH RENTS, ALSO DRIVING THE WAVE OF SUCCESS?

AMBAGTSHEER: Over the past decade, the outlet channel has performed well in both high and low economic times. When consumers' purchasing power is under pressure, they appreciate a discount of 30% to 70% off regular retail prices. However, when the economy is doing well, they like to buy more premium brands.

ACROSS:* *YOU CURRENTLY OPERATE 11 OUTLETS ACROSS EUROPE.WHAT ARE YOUR TOP LOCATIONS?

AMBAGTSHEER: In 2023, all 11 outlet centers in the nine countries in which we operate have

IMAGE: NEPI ROCKCASTLE

Property Portfolio NEPI Rockcastle: 9 countries, 59 properties, 6.8 billion Euro value of investment property

grown compared to 2022. They have all showing substantial, healthy growth percentages. 2022 was a record year for us in terms of brand sales. We're averaging double-digit growth over last year. However, when we look at the different locations, we see very healthy growth, especially in Iberia. That is also due to the fact that tourism has returned to 2019 levels. We have strong centers in Lisbon, Porto, Seville, and Mallorca. We are also working on an expansion project in Seville, which is scheduled to open at the end of October. The timing couldn't be better, as we are already seeing strong performance and a lot of brand appetite.

ACROSS:* *WHAT WILL BE DONE WITH THE EXPANSION THERE?

AMBAGTSHEER: It is one of the smaller centers in our portfolio. We always wanted to offer a more comprehensive brand mix. You need a critical mass of brands to attract people from a wider catchment area. That needed to be improved. We saw incredible performance in 2022 and have continued to do so in 2023. We felt that the center and the market were ripe for an expansion project. A key part of the expansion project is relocating and upsizing the Nike store from 722 sq m to nearly 1,100 sq m. That means they will be able to set up a store there that flagship-like in character. We are also going to open a Hugo Boss store. Our strategy is to take the entire center and the existing GLA into account when we expand. For example, a Starbucks kiosk will be opened there as well. So, there will be an excellent mix of international brands, but we will also pay attention to what we call the beautiful local brands – the very specific Andalusian brands that you can only find in that part of the world. That is a crucial part of the brand mix.

ACROSS:* *THE NIKE EXAMPLE PROVES THE TREND THAT BRANDS TEND TO HAVE LARGE STORES.

AMBAGTSHEER: Yes, we call those brands our top 20 brands. Of course, they are paid particular attention, and we try to build strong relationships with them. The general trend is to upsize where possible, if the performance is right. Performance is measured in sales density – turnover per square meter. If that level is at a decent or high level, they want to upsize. In addition, they are setting up proper flagship stores at outlet centers, so in terms of shop fit, the difference between the full-price channel and the outlet channel is no longer discernible.

ACROSS: ***WHAT DOES THAT MEAN FOR FULL-PRICE STORES IN THE CATCHMENT AREAS?***
AMBAGTSHEER: Most of them still need a full-price presence, but brands are becoming more and more selective. Now, they only choose the best locations – the ones where thy know they can deliver.

ACROSS: ***WHEN DEVELOPING CENTERS,YOU FOLLOW A TAILOR-MADE APPROACH. WHAT DOES THAT MEAN?***
AMBAGTSHEER: Until now, our growth strategy has been focused on acquisitions. Over the years, we have acquired the 11 centers and applied our 3-Rs strategy of re-modeling, re-merchandising, and re-marketing. We have a solid track record of success because we have executed that three-R strategy for the last 10 years. That 3-Rs and other strategic themes, such as sustainability, are coming back. However, all 11 centers are very different: They have different catchment areas, different competitors, are small or large, and are indoors or outdoors. We do not believe in taking a one-size-fits-all approach. The way we execute our 3-Rs strategy has to be a local approach and must be specific to each center.

ACROSS: ***YOU RECENTLY INTRODUCED YOUR NEW COO, JOHAN CASPAR BERGENTHAL. TOGETHER WITH HIM, YOU WANT TO ACCELERATE THE GROWTH STRATEGY OF VIA OUTLETS. WHAT DOES THAT GROWTH STRATEGY LOOK LIKE?***
AMBAGTSHEER: VIA Outlets' growth strategy involves both organic and inorganic growth. Organic growth is focused on the 11 centers in our portfolio and the implementation of our 3-R strategy. Johan's responsibility will be very much focused on the day-to-day business, improving the performance and the business, elevating the overall guest experience, and delivering growth for the 11 centers. We have been working on several expansion projects, not only in Seville, but in Switzerland and Porto, Portugal as well. I will now step back a bit from the day-to-day business operations and focus more on inorganic growth. Inorganic growth might involve the acquisition of existing centers. However, since we have a strong development team, we are also looking at greenfield ground-up developments.

ACROSS: ***THAT IS STRONG EVIDENCE OF YOUR GROWTH.***
AMBAGTSHEER: Exactly; our shareholder APG fully supports our growth strategy and this organizational change. We are also convinced that the journey of the outlet sector has just begun. There will be further growth – both organic and inorganic.

ACROSS: ***WHEN WE LOOK AT THE EUROPEAN MARKET, WHICH MARKETS ARE SATURATED AND WHICH STILL HAVE POTENTIAL?***
AMBAGTSHEER: It is unlikely that we will enter a new market with a new development project. We are only looking at the European market and would like to acquire centers in markets in which we are already active. When we look at a market, we look at acquisition targets or opportunities for ground-up development. Those are different approaches. Doing ground-up developments for outlet centers is a long and challenging journey in terms of getting the zoning plans and building permits.

ACROSS: ***YOU HAVE SOME CITY-ORIENTED LOCATIONS AS WELL AS CENTERS THAT ARE FAR AWAY FROM CITY CENTERS. HOW DO YOU MAKE DECISIONS REGARDING LOCATIONS AND INFRASTRUCTURES?***
AMBAGTSHEER: We like to keep things simple. In addition to our 3-Rs, there are 3 Cs that we consider when we look at potential acquisitions or ground-up developments. The first is the catchment. At outlet centers, you can look into up to 120-minute catchment areas in strong markets, but we usually assess the 30, 60, 90-minute catchment: How strong, wide, and deep? The second assessment is connectivity: How well do roads and public transport connect the center? The last C is competition: What is the retail environment like, and what is the retail mix of the competitors? After that, we dive deeper into a potential assessment.

ACROSS: ***OUTLETS ARE STILL CAR-CENTRIC LOCATIONS. DOES IT HAVE TO STAY THAT WAY?***
AMBAGTSHEER: We do see a few changes. We are constantly looking for eco-friendly alternatives. Sustainability

Landquart Fashion Outlet, Switzerland

is a vital part of our strategy. We see new generations that have a different way of thinking, traveling, and shopping. They are in the driving seat of this development. Installing and supporting public transport is critical to approaching those generations. Good public transport access is a real strength. In addition, installing sufficient EV charging points, putting shuttle services in place, and setting up partnerships with car-sharing organizations is necessary.

ACROSS: ***IS TOURISM AT OUTLETS BACK TO THE LEVEL IT WAS IN 2019? HOW VITAL ARE TOURISTS FOR YOUR BUSINESS IN GENERAL?***

AMBAGTSHEER: Tourism is an essential part of our business, but, in general, VIA Outlets is less dependent on tourism. That is the strength of our portfolio. It is more the icing on the cake in terms of sales. We are more dependent on strong domestic catchment areas. Of course, though, tourism is also important for our sites in Lisbon, Prague, Amsterdam, and Mallorca. As a rule, tourists spend more at those locations than domestic guests. When we look at tourism, we look at it in two different ways: pan-European tourism and tax-free tourism outside the EU. Those are very different aspects of the business. Pan-European or cross-border tourism has undoubtedly returned to 2019 levels, and the numbers are increasing. We are also focused on those tourists. Tax-free non-EU tourism, which is more of a "nice to have" for us, is not yet back in full force, and that is merely because we are missing out on the Chinese and Russian tourists.

ACROSS: ***STATISTICS SHOW THAT THE OUTLET BUSINESS IS MORE RESILIENT TO ONLINE RETAILING. DO YOU AGREE?***

AMBAGTSHEER: The outlet channel is far more resilient to online than the full-price channel. That has been the case for over a decade. Online retail and outlet centers have been the fastest-growing retail channels over the last five to 10 years. This shows that the outlet retail channel is more resilient than the full-price retail channel. We saw incredible online sales growth during COVID-19 because the centers were closed. Although the numbers have since slowed down, online will always be a resilient business model. The most important thing for future success is to focus on omnichannel, because then you will find answers to people's behaviors and wishes. Sometimes, people want to spend a lovely day out at an outlet center. Sometimes, they want more functional shopping and want to do it online from their couches.

ACROSS:* *THE RETAIL SECTOR HAS FACED A MASSIVE LABOR SHORTAGE, ESPECIALLY IN THE WAKE OF COVID-19. HOW HAS THAT AFFECTED YOU?

AMBAGTSHEER: It is a real challenge, but it depends on the region. It is undoubtedly the most significant issue in Germany and the Netherlands. It is also an issue that we share with the brands, because if they do not find enough store staff, their performances might drop. That is an excellent example of why strong brand partnerships matter. We must solve this issue together. We are working very closely with our brand partners in order to provide them with all kinds of support to attract good retail talent. For example, we organize job fairs and have launched an app called "My Jobs".

ACROSS:* *GENERALLY SPEAKING, THE SHOPPING CENTER INDUSTRY FACES MANY CHALLENGES. WHAT IS THE OUTLET SCENE DOING BETTER? WHAT CAN SHOPPING CENTER MANAGERS LEARN FROM OUTLET MANAGERS?

AMBAGTSHEER: Those are two business models, and there are a few key factors that are differentiators. One is the genuine brand partnership. We deal directly with the brands. That has proven to be a win-win model. The second one is the clear focus on the overall guest experience. When I transferred from the shopping center sector, I was amazed by how deeply the overall guest experience was embedded in the DNA and the culture of VIA Outlets. We are driven by providing the best brand mix and F&B offer, improving placemaking or landscaping, and simply providing our cus-tomers with a fantastic full-day experience. The overall key difference is that we do not focus on long leases. That is not a KPI for us at all. We are convinced that the performance of the brands is the only thing that matters.

ACROSS:* *WHAT IS THE DIFFERENCE REGARDING THE BRAND OFFER?

AMBAGTSHEER: The brand mix is certainly more premium than on average in full-price. For con-sumers, it feels more special to go to an outlet center. If you go to a full-price shopping center, 80% to 85% of the brands are the same wherever you go. As mentioned earlier, while we are focused on our top 20 brands, we also focus on promising local brands that stand for the specifics of a given market. When you visit the Oslo Fashion Outlet, there's a different brand mix than at the Sevilla Fashion Outlet. We want our guests to experience the beauty of the local culture.

ACROSS:* *ARE OUTLETS ALSO A PLACE WHERE BRANDS TEST THE MARKET?

AMBAGTSHEER: Sure, it is easier for brands to open a store when no long-term lease or high rents are attached. Our sector can be flexible.

ACROSS:* *WHERE IS THE INDUSTRY HEADING? WHERE DO YOU SEE THE OUTLET BUSINESS IN 10 YEARS?

AMBAGTSHEER: First, I hope we have success-fully executed our growth strategy in 10 years. For me, the future of retail is omnichannel. A decade from now, there will be a 360-degree omnichannel offer. I am unsure how online will be integrated into the current physical retail experience. However, online will be part of the business that is now 100% physical, just from a convenience point of view, and as part of creating the best overall guest experience, you need to add some online offers. There will also be even more focus on sustainability, placemaking, and landscaping.

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Carbon Footprint	Energy Cost	Occupant Comfort	Equipment Life
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"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

IMAGE: UNION INVESTMENT

Henrike Waldburg, Managing Director at Union Investment

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.

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/transformationsstudie_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*

WINNING FORMATS 2023

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

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).

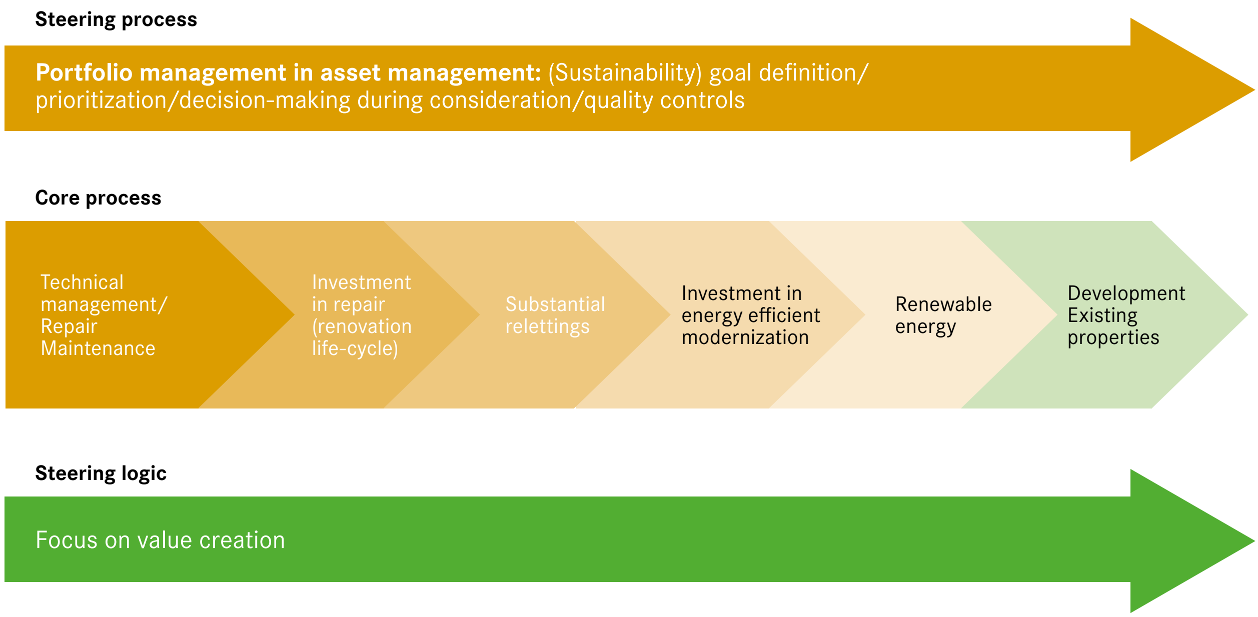
ACROSS:* *HOW DO YOU INTEND TO SATISFY YOUR INVESTORS?

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 economy 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.

COMMUNITY SPACES ARE THE NEW ANCHORS

"The net to gross the proportion of tenanted space to the public realm is shifting," states Ibrahim Ibrahim, Managing Director of Portland Design, in his discussion with Reinhard Winiwarter. Developers and asset owners of commercial spaces have no option but to rethink public spaces. But this changes everything and will require new skills to respond.

ACROSS:* *THE DEMANDS ON PHYSICAL PLACES TO INSPIRE CONSUMERS ARE INCREASING. IS THERE A RECIPE FOR "EXCITING PLACES"?

IBRAHIM IBRAHIM: I do not know about a recipe, but I certainly have an opinion about where retail should move. If I have one criticism of the industry, it is that we are too complacent. Historic success has bred complacency. We need to move forward. First, we should stop thinking about physical spaces as purely distribution channels. The physical space will be less about this and more about becoming an experience channel. Regarding physical space, we should not think about shops with products for sale, but how we can transform those spaces into stages with shareable stories.

IMAGE: PORTLAND

Ibrahim Ibrahim is Managing Director of Portland Design and member of the ACROSS Advisory Board.

ACROSS:* *ESPECIALLY IN THE SHOPPING CENTER INDUSTRY, SO-CALLED "SUCCESSFUL CONCEPTS" USED TO BE ROLLED OUT AT VARIOUS LOCATIONS. ACCORDING TO THE MOTTO: ONE SIZE FITS ALL. ARE THOSE TIMES OVER?

IBRAHIM: This idea of clone the experiences, clone high streets, or clone shopping centers is definitely over. That is not because it is a trend in design or architecture; it is simply because consumers are turning their back on "cookie cutter" products and places, not just in retail. This has been one of the reasons for the decline of physical retail. People are bored with the same old brands, same old designs, same old offers. We have to learn from that. Consumers are looking for a sense of localism, uniqueness, authenticity, and personalization. Retailers must adapt their concepts to respond to local needs and communities.

ACROSS:* *HOW DO SHOPPING CENTERS FIND THE RIGHT COMMUNITIES IN THEIR CATCHMENT AREA?

IBRAHIM: Brands will not survive unless they are culturally connected. When we talk about community and culture, I am not referring to local communities or ethnic communities. I am referring to communities of interest and content that galvanizes those communities – whether this is about sushi, yoga, cars, or DIY. When we talk about communities, we have to identify any given catchment. What are the key interest drivers? What interests are the communities responding to? What brands are they potentially

IMAGE: LGIM

Kingland Crescent in Pool (UK) is an exciting initiative seeking to reimagine the high street.

IMAGE: LGIM

Best Pratice in Revitalization: Kingland Crescent

engaging with? And if we can identify those people and link them with the brands, then we are playing an essential part as an asset owner. And we need to connect with the influencers of these communities to bring the customers together. Furthermore, those communities are not just about one interest. The bike community is also interested in coffee; the yoga community is also interested in wellness. This is where the excitement starts: We bring communities together in physical spaces and create amazing offers, whether it is a coffee shop in a bike store or a whiskey bar in a shirt shop.

***ACROSS:* WHAT ARE THE RIGHT TOOLS TO IDENTIFY THESE COMMUNITIES? MARKET RESEARCH HAS BECOME VERY COMPLEX.**

IBRAHIM: Market research is significantly disrupted. Focus groups and online surveys are not enough because people only tell you what they think you want to hear. We must develop ethnographic and observational processes and get down to the street level. We must identify community leaders and influencers to help us understand what is happening at the street level. We have a data tool at hand to map social media behavior. So, we can understand in any given catchment what people are interested in, what is important to them, and, more importantly, what brands they follow. With this statistically accurate data set, we understand how to bring the right mix of offers and brands together and understand the content for our marketing and social media. Tools like this allow us to limit our clients' risk because we know what their communities and catchment want. But preferences change. It is not about a one-off piece of research. It is about constant tracking of changing tastes and changing attitudes.

***ACROSS:* WHAT NUMBERS SHOULD WE LOOK AT?**

IBRAHIM: Here is a fundamental change, we should not focus on the economics of just the physical sale of products, i.e., turnover in a shopping center. Any given physical experience can drive media impressions and digital online sales. There is value in that. We must develop revenue models that reflect a physical space's value to a brand beyond selling things in the shop. The proportion of GLA used for transaction and fulfillment in the physical space will gradually decrease. We are seeing much evidence of that. What is unsure in any given physical space is what proportion of that GLA will be transactional and what proportion will be experiential. In the US and UK, we see a reduction in physical retail space of 20%. This space will be occupied by new non-retail concepts like community offers, health, wellness, and co-working spaces.

***ACROSS:* AND WHAT ABOUT THE OTHER 80%?**

Ibrahim: A proportion of that will be traditional transactions and fulfillment. The ratio depends on the asset. Another big part will become what we call community space, a place where brands will bring their communities together. Another proportion will be what we call recruitment space, where brands will create experiences that drive media impressions and online sales. When we develop strategies to repurpose a shopping center, we decide with a client about the size of proportions. This is individual. But generally, the net-to-gross ratio of tenanted space to the public realm is shifting. And we are seeing a blurring line between tenanted space and the public realm.

***ACROSS:* WHAT DETERMINES HOW THIS PUBLIC REALM IS USED?**

IBRAHIM: Two trends will drive the change in how we design the public realm and how we plan it. One trend is the fragmentation of work, where work is woven into our everyday life. Work is no longer in the office and less and less at home. People are leaving home to go to co-working or public places. We are constantly dipping in and out of work. This is a cultural change. The other trend is quick commerce. In an urban environment, I order food, and it is delivered in 15 minutes. And food is just the beginning; it will spread and grow into non-food products. If you imagine you can sit in a public place, whether in a high street, shopping center, or airport, and you can work, eat, drink, and shop without moving. What does that mean for public space? How do we design them? What we are doing is rethinking public spaces to become commercial spaces. Because they are simply the new anchor. They are the living rooms of our public realm. And that changes everything. Shopping Center developers and managers must ask: What does that mean for my revenue? What does it mean for architecture, technology, way finding, and the brand?

***ACROSS:* WHAT DOES IT MEAN FOR THE RELATIONSHIP BETWEEN THE LANDLORD AND THE TENANT?**

IBRAHIM: The most important thing is that the landlord must not think of him or herself as a landlord but as a host. He has to become a host to his commercial partners and a host to their consumers. He must therefore shift from leasing boxes to curating experiences. That is a huge difference. It is a shift from operations, security, cleaning, etc., to becoming a concierge for the operators and consumers. As a landlord, you must become a truly value-added thought leader to your commercial partners to illustrate through evidence what our consumers and communities want. It is crucial to have an opinion about the future of retail and the future of consumerism, and to create programs of evidence to show that these are your opinions. Curation is an important part of it because you bring different brands together to create new experiences by merging different brands and communities. That is the key to how the relationship between the landlord and the tenant will change.

***ACROSS:* IN A RECENT KEYNOTE, YOU CALLED THIS "BUY PLACES VS. JOIN PLACES." CAN YOU OUTLINE THIS CONCEPT?**

IBRAHIM: This describes the shift for landlords, asset owners, and retailers from purely providing a channel of distribution of product selling to creating a place where people feel a sense of belonging and community. A place where people want to be and not only when they want to

BUY PLACE	→	JOIN PLACE
- Landlord		- Host
- Operations		- Service
- In the Minds of People		- In the lives of people
- Invest in Pre-Purchase Promotion		- Invest in Post-Purchase Advocacy
- Amenities		- Experiences
- Leasing Boxes		- Curation
- Buildings		- Communities
- Short Stay		- Life Stages
- Physical		- Physical/Digital
- Content of Marketing		- UGC & Sharing
- "Marcomm" (Marketing Communication)		- "Marconns" (Marketing Connection)
- Engage with People as Consumers		- Engage with people as Citizens
- Data on Catchment		- Insights from Community
- Consumers		- Members/Fans/Advocates

Redefining places means redefining terms: From "Buy place" to "Join place"

buy something. A place that is genuinely sustainable – economically, socially, and environmentally. We might call these places community centers. The future of retail is not about real estate; it is about content and how that content can help you shift from a buyer place to a join place. It is a shift from a shopping rhythm to a community rhythm where we encourage people to come daily as part of their rhythm of life. And that is truly economically significant. A buy place invests in pre-purchase promotion. A join place invests in post-purchase advocacy.

***ACROSS:* ARE DEVELOPERS AND OPERATORS READY FOR THIS CHANGE?**

IBRAHIM: They simply have no choice. Doing nothing is not an option. Businesses do not fail because they do the wrong things. They fail because they continue to do what used to be the right things for too long. There is a fundamental shift in the relationship between people and brands, and places. When there is a disruption in the industry, it is often a cultural shift that needs to happen. Taxi companies did not invent Uber, and the hotel industry did not invent Airbnb. But these companies are the proof of a cultural change. It is not a change in the business model, we still have to make money partnering up with brands in a physical space. But the way we are going to make that money is shifting. The biggest disruption is not about architecture or physical space. It is the valuations that are being disrupted. And this is not because there are big vacancies. That is only the outcome of something much bigger.

***ACROSS:* HOW DO WE COME TO THE SOURCE OF THE PROBLEM?**

IBRAHIM: We have to ask: Why are there vacancies? Why are these brands failing? Why are they moving away from physical space? Why are brands opening fewer stores? We have to respond to the cultural shift that is happening through what I call a ‘people revolution’. We need new skills in the real estate industry. We need data scientists; we need people from the hospitality and entertainment industry. We need social media specialists, storytellers, journalists, curators, stage managers: a whole bunch of new skills in addition to the skill set we already have.

Best Practice in Revitalization: Kingland Crescent

Kingland Crescent in Pool (UK) is an exciting initiative seeking to reimagine the high street. By offering zero rent and business rates, Legal & General Investment Management aims to encourage a creative community and local start-up businesses to an area that was previously vacant and derelict. The local businesses at Kingland Crescent now include a fishmonger, coffee roaster, design studio, surfboard shop, zero waste grocery store, art gallery, gin bar, and store, home interiors specialist, restored second-hand furniture shop, and perfumer. The regeneration of Kingland Crescent is part of a long-term plan to invest in Poole Town Center. “It completely revitalized the street,” states Ibrahim Ibrahim. “It helped new businesses grow, and more importantly, it had a halo effect on the shopping center. There is now massive activity in the public space of that street. It has become a real community place."

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"DESIGNING TAILOR-MADE APPROACHES TO INDIVIDUAL PROPERTIES LIES AT THE HEART OF ASSET MANAGEMENT."

The time for one solution fits all is over: Retail parks need a tailor-made individual approach, states Herman Jan Faber, Co-Head of Client & Fund Management at Redevco. He spoke with ACROSS about the company's goal to take the lead in transforming cities and the role of retail parks in this strategy.

ACROSS:* *WHAT IS REDEVCO'S PLANNING TO DO FOR ITS GROWTH AND DIVERSIFICATION?

HERMAN JAN FABER: Redevco is part of a family-owned company with over a 100-year history, and this close-knit culture generates a very long-term perspective on the business and, even more importantly, on societal and environmental challenges such as climate change. We worked almost exclusively for our balance sheet for many years, but that is now changing rapidly with our recent focus on managing capital for like-minded third-party investors. Our property sector focus is also changing from Redevco being overwhelmingly invested in retail real estate toward a more holistic approach of mixed-used developments that contribute to societal inclusivity and environmental sustainability, and which lead the way in the transformation of our cities.

IMAGE: REDEVCO

Herman Jan Faber is Co-Head of Client & Fund Management at Redevco

ACROSS:* *WHAT DOES THAT MEAN?

FABER: This is a natural development for us since retail real estate has been one of the most disrupted sectors that has undergone a rapid and fundamental evolution within the urban landscape in recent years due to factors ranging from e-commerce competition and the Covid pandemic to urbanization and demographic megatrends. Redevco has responded to these challenges with research-led innovation, and this has led us to the wholesale optimization of our investment portfolio and a natural transition, particularly towards mixed-use and living developments, and also in the living hospitality & leisure sector, away from pure retail.

ACROSS:* *WHAT KIND OF CITIES DO YOU FOCUS ON?

FABER: We look mainly at the bigger cities in Europe, which are the ones where population and economic growth are concentrated, for our mixed-use strategies. Our research team is constantly analyzing the investment attractiveness of European urban centers. We have been

IMAGE: REDEVCO

Kaufpark Eiche in Ahrensfelde, Germany, is one of Redos' properties.

IMAGE: REDEVCO

Redevco's vision for future retail parks: a multi-function destination with huge sustainability potential.

developing our own City Attractiveness Tool for almost 15 years now. Most investments are based on this research-backed tool. But of course, for some investments, there is more appetite for risk than for others.

ACROSS: ***WHAT ARE THE MAIN CHARACTERISTICS YOU LOOK AT FOR YOUR CITY ATTRACTIVENESS INDEX?***

FABER: We focus on almost 30 metrics, including the main obvious ones such as population growth and the city's economy, but also more qualitative factors like its draw as a tourism center or the presence of creative professionals. For example, our City Attractiveness research found that when there is an urban center with a high student population and a well-developed creative sector, those cities are generally more attractive to live in and have better growth prospects. We have prepared this index for 15 years and can compare the yearly outcome with previous reports' conclusions, providing a solid data-based roadmap to help guide our investment decisions.

ACROSS: ***WHAT ARE THE CHANGES YOU MADE IN YOUR INVESTMENT STRATEGY?***

FABER: A big step we took, and a significant change in our investment strategy, occurred last year when we acquired a majority stake in redos, the Hamburg-based large-scale retail and urban logistics property investment specialist. Retail parks are no longer out-of-town shopping alternatives; they can play an essential role as new local communal hubs, generally in the urban peripheries of cities, and bring diverse functions to these neighborhoods. With the potential of mixed-use 'densification' developments and vast possibilities to implement renewable energy solutions, the retail warehouse park segment could play a key role in helping cities become more livable and sustainable.

ACROSS: ***WHERE DO YOU SEE THE MOST POTENTIAL AT THE MOMENT?***

FABER: Given the current market circumstances for investing, we are cautious. But of course, we do not say to our teams not to look at opportunities. This is the time to prepare suitable investment strategies that match our capabilities and create opportunities. We are sure that retail warehouse parks provide these opportunities. This retail sector has proven itself through a resilient investment performance through the Covid pandemic, with yields not ballooning out as we saw with other retail formats. Rents are also relatively low in retail warehouse parks, providing greater flexibility in passing on inflation adjustments to tenants. The sector also has attractive sustainability characteristics, for example, in its relatively low carbon intensity in operation.

ACROSS: ***BEFORE WE GO INTO MORE DETAIL ABOUT RETAIL PARKS: HARDLY ANY OTHER COMPANY IN THE INDUSTRY FOCUSES AS MUCH ON MIXED-USE AS REDEVCO. WHAT ARE, FROM YOUR EXPERIENCE, THE SUCCESS FACTORS OF A MIXED-USE PROJECT?***

FABER: There is only one answer: You must find a tailor-made approach for every building. There is no copy-paste strategy for mixed-use buildings. You must get to know the asset, the area, and the community. For example, we are now converting a building on Mönckebergstrasse in Hamburg. It used to be exclusively for retail, but we will have a supermarket in the basement, two other retail floors, and two types of hotels in the mix. We fundamentally believe that this is the right configuration for that asset – but only for this building and only because it is at this specific location in Hamburg with specific requirements.

ACROSS:* *YOU MUST DO YOUR HOMEWORK AND CONSTANTLY ANALYZE THE CATCHMENT AREAS.

FABER: Yes, our company is completely localized. We collaborate with local teams who understand their markets, have good connections with municipalities, and know their way around the domestic industry. You cannot plan mixed-use developments all over Europe from a company headquarters and say that is the project of the future. This is especially true when you have a lot of historical buildings in your portfolio. Their layouts are very individual, and although implementing ESG criteria is complicated, we can make much impact when we succeed. These buildings are stunning, but it is difficult to make them green. We are, however, doing our utmost to improve the sustainability credentials of these monuments too, and where possible, for instance, with new builds, we aim for net zero carbon. This bespoke property approach is really at the heart of asset management.

ACROSS:* *IS THAT ALSO THE WAY TO GO FOR RETAIL PARKS? WHAT IS YOUR RETAIL PARK STRATEGY?

FABER: We believe that retail parks play an important role in the evolution of cities. It is a lot about logistics and city management. There will always be people who want to live just outside the city. On the one hand, as people became very mobile, and life in and outside cities became fluid, you want to accommodate that. But on the other hand, to limit people commuting in and out too much, you also want to facilitate 'having everything around the corner.' Therefore, quality retail parks with a good offer of shops and services will play an important role in cities and communities. The potential of retail parks to contribute to Redevco's mission to lead the transformation of cities to ensure they are sustainable and livable is enormous. That is why we invested in acquiring the redos platform in Germany. Germany is one of Europe's biggest retail park markets, and we clearly aim to expand across Europe.

ACROSS:* *RETAIL PARKS ARE NOT KNOWN FOR BEING PARTICULARLY VIBRANT PLACES. THEY ARE ATTRACTIVE BECAUSE OF THEIR CONVENIENCE.

FABER: That is true. But that is exactly where we see the potential. Some of them are not connected. The parking lots are dark and difficult to access. The tenant mix can be improved. There is a lot to do. The first step for us is to focus on our existing stock. We gained much experience in Belgium, Spain, and France. Now with the German parks, we are the right ones to build up new retail park standards in Europe, especially by following a clear ESG strategy and integrating more service offers. Retail parks are shopping places where ESG will create value very soon. They already have a much smaller ESG footprint; for example, constructing solar panel plants is usually relatively straightforward in these formats. But it is much more than this. We need to take care of the community, which goes far beyond providing electric car charging stations.

ACROSS:* *HOW DOES A COMMUNITY APPROACH TO A RETAIL PARK LOOK LIKE?

FABER: Retail parks are successful because they are convenient. But we need to take this convenience to the next level. As mentioned previously, retail parks are part of our city strategy. They simply have to offer more convenience

Creating a pan-European retail park platform

In May 2022, Redevco acquired a majority stake in redos to create a pan-European retail warehouse park platform. redos have a strong reputation in Germany when it comes to retail parks. The acquisition strengthened Redevco's market position and was the next step in the company's mission to create more sustainable and livable cities. "The acquisition provides Redevco with an excellent foundation to create a pan-European retail warehouse park platform and springboard into urban logistics," states Andrew Vaughan, CEO of Redevco.

by providing more services. There are examples in France and Belgium, where retail parks play an important role in providing medical services. This is a beneficial strategy for cities as well as consumers. We also think about educational centers and gyms. Retail parks need to be more than big supermarkets and pet stores.

ACROSS:* *APART FROM SERVICES, HOW DO YOU SEE THE RETAIL PARKS EVOLVING?

FABER: First, we have to create places where people like to go and spend time. The concept is already changing, and investors have noticed this. A lot is happening in the market, but the parks will change even more. They all need better connections in two ways. First, they need to be connected to public transport, good and attractive parking places, provide car sharing options, etc. But even more important is that retail formats generally need to be connected to their communities, whether it is a shopping center, a mixed-use concept, or a department store. This is the fundamental new learning: Retail parks need an individual approach. There will be parks where big supermarkets and hardware stores make sense, but there will also be parks where the integration of restaurants and children's facilities is essential.

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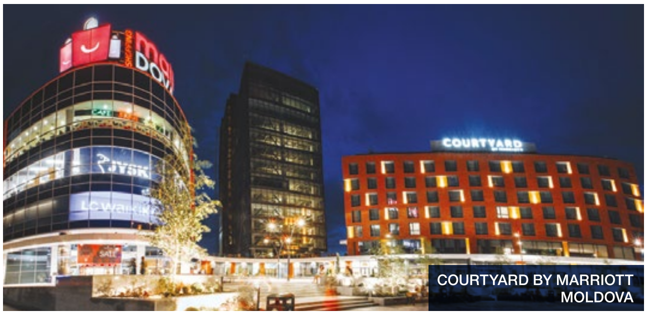

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“DEVELOPERS ARE BRAVE PEOPLE BY VIRTUE OF THEIR BUSINESS MODEL”

Steffen Hofmann is a Managing Partner at ambas. Having worked in eight European markets, he has a deep understanding of the mechanisms of international investment markets. He discusses the historic evolution of the retail real estate industry from the perspective of the financial market.

ACROSS: *IT HAS BEEN EXACTLY ONE YEAR SINCE WE LAST SPOKE. AT THAT TIME, YOUR COMPANY HAD RECENTLY REBRANDED FROM IMALLINVEST TO AMBAS. WHAT A TURBULENT YEAR 2022 TURNED OUT TO BE FOR RETAIL REAL ESTATE INVESTORS! HOW DID THINGS GO FOR YOU AND THE AMBAS TEAM?*

STEFFEN HOFMANN: First and foremost, I would like to congratulate the ACROSS team on your 15th anniversary and to praise the range and coverage that your magazine has achieved as a cutting-edge medium in the European retail real estate sector. Reinhard and all the people behind the magazine, you have done an exceptionally good job! You guys have certainly brought this industry closer together. Now, back to your question: We have done well in these tough market conditions. The rebranding was successfully implemented. Thanks to some good media coverage, our clients and business partners quickly became accustomed to the new company name. While the overall investment market activity slowed down with the rapid increase in debt-finance rates during the second half of 2022, we supported our clients in the review of their strategic asset management options. For confidentiality reasons, I will not be able to comment on our transaction mandates at this stage. We are, however, working on some positive things.

ACROSS: *IN THAT CASE, LET US DISCUSS THE HISTORIC EVOLUTION OF THE RETAIL REAL ESTATE INDUSTRY FROM THE PERSPECTIVE OF THE FINANCIAL MARKET. YOU STARTED YOUR CAREER IN THE GOOD OLD DAYS OF THE EUROPEAN SHOPPING CENTER INDUSTRY, BACK IN 2000, AND YOU HAVE PERSONALLY WORKED IN EIGHT DIFFERENT EUROPEAN MARKETS SINCE THEN. REFLECTING A BIT ON THE 15 YEARS SINCE ACROSS MAGAZINE LAUNCHED IN 2008, WHAT FORESEEABLE AND UNFORESEEABLE EVENTS HAVE INFLUENCED AND CHANGED THE INDUSTRY?*

IMAGE: ACROSS

Steffen Hofmann is Managing Partner at ambas.

HOFMANN: Well, I guess we have to start with the Global Financial Crisis, the GFC, which triggered an

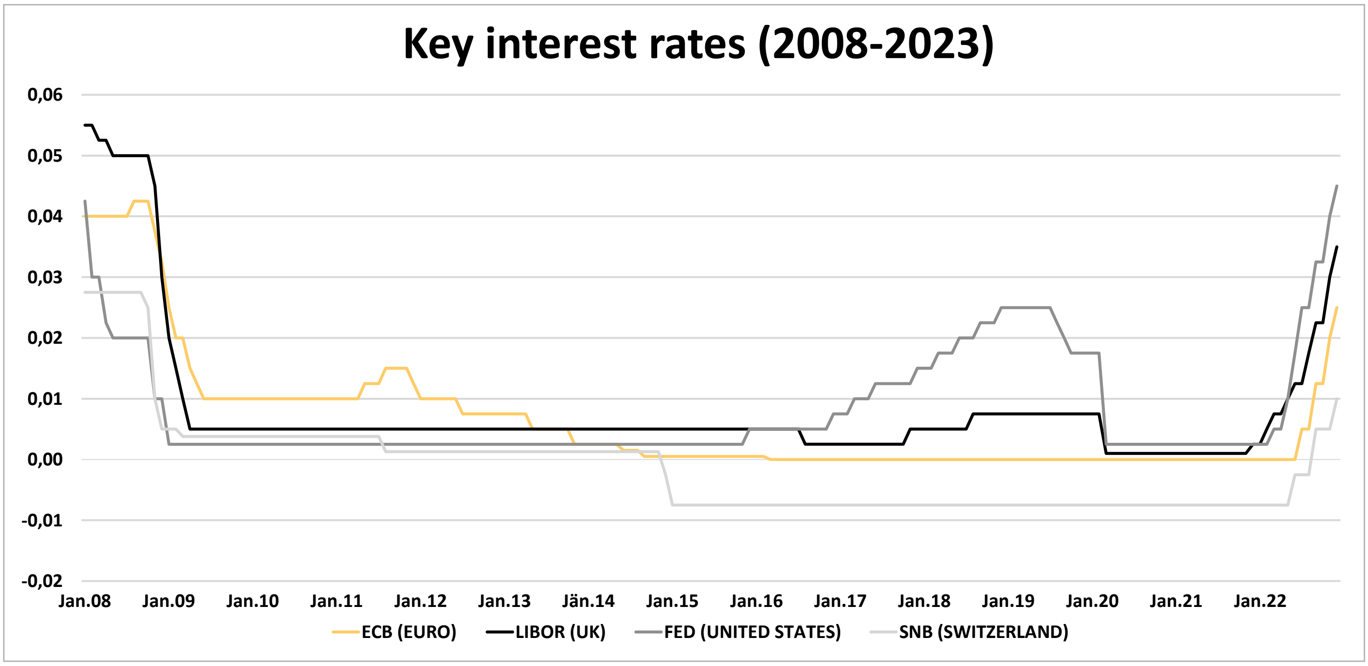

IMAGE: AMBAS

enormous level of stress in the financial markets across the globe, including the real estate investment markets, between mid-2007 and early-2009. Most of your readers will forever remember it as the Lehman crisis. It was the perfect storm, and asset values dropped by the hour. Financial institutions went into panic mode. Across the globe, governments stepped in with all kinds of warranties and supported capital infusions into distressed systemically relevant lenders. Aiming to provide more liquidity to the market, the central banks at that time set the course towards a low-interest rate environment and carried out emergency actions that prevented the global financial systems from an immediate meltdown.

ACROSS: ***DID THAT HAVE ANY DIRECT AND IMMEDIATE IMPACT ON THE RETAIL REAL ESTATE INDUSTRY?***

HOFMANN: Indeed, it did. After a period of strong risk-taking, the investor sentiment completely shifted. It would be an understatement to say that the risk-appetite of institutional investors was saturated for quite some time. I remember too well that some market-leading retail developers, who had built up impressive speculative development pipelines, suddenly found themselves in real trouble when it came to funding their projects. Lenders demanded more equity in the game. Global retail brands aborted their expansion programs and focused on their home markets. As a result, purchasers tried to back out of forward purchase agreements because the pre-agreed leasing conditions had not been met by the developers. Even highly experienced and formerly successful groups were forced to defer or cancel planned projects.

ACROSS: ***WAS IT THE DEVELOPERS WHO GOT HIT THE HARDEST?***

HOFMANN: Developers are brave people by virtue of their business model. They acquire risks that other market players expect to see cleared away before they buy into de-risked project situations. If such risks materialize unexpectedly and fast, it can be stressful. However, developers were not the only ones affected in those days. Institutional fund managers also tried to deleverage their vehicles, which required fresh equity injections from their underlying capital sources as lenders expected it. Open-ended fund vehicles with large diversified real estate portfolios had to limit their withdrawals. They could not sell their assets as quickly as people wanted to withdraw their money. In some cases, that triggered their statutory wind-up. It all happened in parallel – and very quickly.

***ACROSS:* WHAT DID FINANCIAL INVESTORS LEARN FROM THAT EXPERIENCE?**

HOFMANN: The investment procedures of institutional fund management platforms are now more rigorous. The excessive use of leverage is commonly restricted. Loan agreements foresee rigid covenants. Financial market regulators also put extensive reporting duties in place to monitor credit default risks. Asset managers today fill their dashboards with all kinds of operational KPIs to manage and control investment performance. If anything, the defensive components of the system have been strengthened. All that notwithstanding, markets still exaggerate as much in their downturns as in the better seasons. As we speak, the commercial real estate sector is experiencing a price correction across all sectors.

***ACROSS:* HOW DID THE SHOPPING CENTER ASSET CLASS EVOLVE IN THE YEARS FOLLOWING THE LEHMAN CRISIS?**

HOFMANN: In most of the Western European legislations, the offshoots from the GFC heralded the end of the previous shopping center development era. It may have looked slightly different in some CEE countries, but most of the core real estate markets were saturated with newly built retail spaces. Investors' interest shifted towards well-established standing assets with proven KPIs. Such retail assets had to be dominant in their catchment areas and had to allow for future asset management initiatives. International joint venture partnerships were formed on larger deals, and many prominent shopping centers traded between 2010 and 2016. The sector itself remained fairly popular until the effects of e-commerce technologies fed through in the retailers' performance data.

***ACROSS:* WHAT DROVE RETAIL INVESTMENT RATIONALE OUTSIDE OF THE LARGE-SCALE SHOPPING CENTER SECTOR DURING THAT PERIOD?**

HOFMANN: Due to the lower interest-rate environment, certain investor groups raised their internal real estate allocation quotas. In doing so, those groups expressed a clear preference for steady income streams over speculative and more volatile development profits. The annual cash-on-cash return became more important than the targeted IRR of an investment, which may only be crystallized upon exit. Aiming to minimize occupier default risk, fund managers somewhat academically sought properties leased to tenants who had long leases and strong credit ratings. They wanted diversification of rental income streams and favored a geographical spread of portfolio risks over cluster risks. In other words, a small portfolio consisting of five assets with an average lot size of 50 million euros per property that generated an annual distribution yield of 4.5% with a projected IRR of 6.5% over the hold-period of an asset appeared more suitable to their search profile than owning a single asset with an asset value of 250 million euros that generated a distribution yield of 4.0% per annum and delivered a 7.0% IRR.

***ACROSS:* WHERE DID INVESTORS FIND THESE CRITERIA FULFILLED?**

HOFMANN: That specific search profile turned out to be the perfect description of grocery-anchored retail warehouse properties and retail parks. In a way, a new asset class was defined, which subsequently experienced a 10-year boom period. In Germany, for example, the grocery-anchored and more convenience-oriented retail park sector outpaced the fashion-oriented shopping center sector, in terms of total transaction volume, for the first time in 2014. Five years later, in 2019, transaction cap rates for such convenience-oriented retail formats fell below those of shopping centers, where deal pricing softened from 2017 on. In theory, city-center-based department stores could have offered a similar return profile. However, the income stream would have depended on a single occupier, and various department store chains filed for insolvency protection during the GFC. The investment market in the years thereafter remained cautious in that respect.

***ACROSS:* HOW MUCH OF THE DESCRIBED SHIFT IN INVESTOR PREFERENCES WITHIN THE RETAIL ASSET CLASS CAN BE ATTRIBUTED TO STRUCTURAL CHANGES IN THE OCCUPIER MARKET?**

HOFMANN: Comprehensive effects of rising e-commerce competition on tenant performance data in the traditional fashion industry broadly kicked in from about 2014 on. Online platforms succeeded in optimizing their infrastructures and constantly added to their market share. In response to that, physical space retailers started to push their e-commerce strategies. In continental Europe, occupancy-cost-ratios in fashion-dominated retail assets started to look unhealthy from about 2016 onwards. Rent corrections at shopping centers were looming, which caused an outward yield-shift in the following years. Convenience-oriented retail formats and grocery stores continued to perform soundly.

ACROSS:* *THEN, THE MARKETS WERE HIT BY COVID-19.
HOFMANN: Precisely! The unforeseeable outbreak of the pandemic in early 2020, with its social distancing requirements and strict lockdown orders for so called non-essential retail offerings, accelerated industry change. For cynics, that external shock in the real estate markets appeared to be a nail in the coffin of the shopping center sector – but it was not. It shook the industry heavily, however, and tested its breaking points. Some secondary malls may, indeed, never fully recover from it. The good news is that a considerable number of shopping centers also proved their resilience, and their KPIs bounced back in 2022. Consumers have returned to their centers and even seem to express a new preference for shopping experience in physical retail spaces. That also holds true for the likewise fashion-oriented designer outlet mall sector, which performs remarkably well in many places.

ACROSS:* *WHERE WILL THE INFLATIONARY TENDENCIES THAT WE ALL EXPERIENCED IN 2022 AND THE RESTRAINED LENDING MARKET LEAD US IN THE NEXT COUPLE OF YEARS?
HOFMANN: It is another stress test. Index-linked lease contracts, which are typical in retail real estate, should offer some important value protection for investors. High occupancy-cost-ratios, in turn, may demand some form of compromise between landlords and their tenants. ESG initiatives will contribute to reduced energy consumption, which will help lower the overall service charge burden of retailers. Due to rising debt-finance costs and enhanced equity demand from lenders, a pricing correction in commercial real estate is progressing. Relative to other real estate asset classes, the retail sector looks attractive, though. Within retail, prime shopping center yields appear to be particularly interesting nowadays. Even with adjusted debt-finance rates, they still allow for positive leverage effects, which sets them apart from most of the other sectors. Notwithstanding that, their investor universe presumably remains smaller than in previous decades. Some large groups foresee allocations towards urban mixed-use properties instead – another new asset class that is being shaped in the hands of some brave developers.

ACROSS:* *STEFFEN, MANY THANKS FOR THIS EXTREMELY INTERESTING, IN-DEPTH CONVERSATION AND YOUR EXPERT REVIEW OF THE LAST 15 YEARS OF RETAIL REAL ESTATE FROM AN INVESTMENT MARKET PERSPECTIVE.
HOFMANN: Thanks for having me. Contributing to your profound magazine is always a pleasure!

MITISKA REIM SELLS 25 ROMANIAN RETAIL PARKS TO LCP

Mitiska REIM has announced that following the successful completion of its value creation program, it has completed the sale of 25 retail parks in Romania to LCP Group for 219 million euros. This sale is one of the largest retail real estate transactions in Romania and more than doubles the original investment over an average holding period of 5 years for investors in the FRI and FRI 2 funds which owned the assets.

IMAGE: NARRATIVE

Pipera Plaza retail Park, Bucharest, Romania.

Representing a total GLA of 132,000 sq m, the portfolio of 25 retail parks was developed, built and managed by Mitiska REIM in partnership with its Romanian country partner Square 7 Properties over the past 10 years. All retail parks in the portfolio are food-anchored by either a Kaufland or Lidl supermarket, or a combination of both, with other tenants including leading international brands such as Deichmann, DM, Pepco, Jysk, KFC, Kik and Takko. In terms of sustainability, the entire portfolio has been awarded “Very Good” BREEAM certifications for Asset Performance.

“We are delighted to conclude this transaction with LCP Group, part of M Core, and deliver such strong returns to investors in the funds. During the sale process, we saw significant interest from a number of potential buyers, which is testament to the depth of liquidity for high-quality retail park assets in Europe,” comments Axel Despriet, Managing Partner of Mitiska REIM.

“Our value-add investment approach is to buy, fix, manage and then sell when a portfolio reaches core status,” adds Sylvie Geuten-Carpentier, Managing Partner of Mitiska REIM. “The quality of these assets combined with the resilience of the retail park sector in general meant that we could realize such significant value, despite the wider economic environment.”

Clemens Petschnikar, CEO of Square 7 Properties, adds: “Working together with Mitiska REIM, we were able to create one of the largest retail real estate portfolios in Romania and become the market leader in the retail park sector. This sale is the successful culmination of this work and part of our ongoing partnership which combines our local expertise and on-the-ground management with Mitiska REIM’s international retailer relationships, access to funding and divestment expertise.”

The retail parks are located in the Romanian cities of Bucharest (2), Bistrita, Baia Mare, Paşcani, Slobozia, Ploiesti, Mediaş, Reşita, Buzău, Arad, Odorhei, Sighet, Câmpina, Caransebeş, Medgidia, Iaşi, Târgu Mureş, Tulcea, Slatina, Mioveni, Bacău, Drobeta-Turnu Severin, Brăila and Giurgiu.

CENTERS AND THEIR TENANTS NEED A JOINT FOCUS ON THE END USER!

Susan Hagerty Bonsak is the new CEO of Placewise and, in this role, one of the recent members of the ACROSS Advisory Board. She strongly believes in footfall and the future of physical malls. In her first interview with ACROSS, she shares her view on the European shopping center industry, the importance of data connected with technology, and why a collaborative focus of all stakeholders is so important.

ACROSS: CONGRATULATIONS ON YOUR NEW POSITION. WE LOOK FORWARD TO LEARNING FROM YOUR EXPERIENCE. AS AN AMERICAN LIVING IN NORWAY, HOW DO YOU SEE THE SHOPPING CENTER INDUSTRY IN TERMS OF DIGITAL OPPORTUNITIES? IS IT A DEVELOPED INDUSTRY?

SUSAN HAGERTY BONSAK: : There are some definite differences between the two continents, but I think on both sides of the pond the industry is still in the beginning stages. Both European and North American shopping centers need to start thinking strategically about their digital reach. Technology doesn't stand still, so the opportunities will just continue to appear! We suggest all centers to really start understanding the possibilities and how technology and data fits in with their operations. This is not only about marketing – data-driven plans impact so many other areas such as leasing and operations.

ACROSS: HOW DO YOU ASSESS THE DIGITAL REACH OF SHOPPING CENTERS?

BONSAK: The digital reach of the center in its local market is the most important general KPI. That is somewhat unique to shopping centers. What proportion of the unique customers (UAV - unique annual visitors) do they have in their customer database, which can be activated through communication and incentives provided in digital channels? We know that Placewise is leading in this area, and many of our customers who have embraced the many possibilities of our platform today reach over 70% of the unique customers from their "local market." On average, our customers reach 30% of their customer mass after three years of using our technology, which is a solid result in this sector.

ACROSS: WHAT ASSET TYPES DOES PLACEWISE WORK WITH?

BONSAK: We work with all types of property that have a retail component, from traditional shopping centers with several hundred tenants to smaller retail parks/strip malls and mix-use locations. It is evident that a strip mall has different needs and opportunities than a traditional shopping center, and by creating a modular platform, we can deliver solutions that create maximum value within the framework for each property.

ACROSS: PLEASE BRIEFLY DESCRIBE PLACEWISE'S ROLE WITHIN THE INDUSTRY AND THE CHALLENGES AND SOLUTIONS YOUR COMPANY MEETS.

BONSAK: Placewise offers a unique technology with a solution offering many possibilities for shopping centers. Despite all doomsayers, all research shows that shopping centers and retail are resilient, and many are performing very well. Physical retail has made a strong comeback after Covid. Footfall is increasing due to centers redefine their concepts. Reports confirm that online shopping cannot easily replace the physical shopping experience. Also, property owners continue to revitalize their centers will lead to

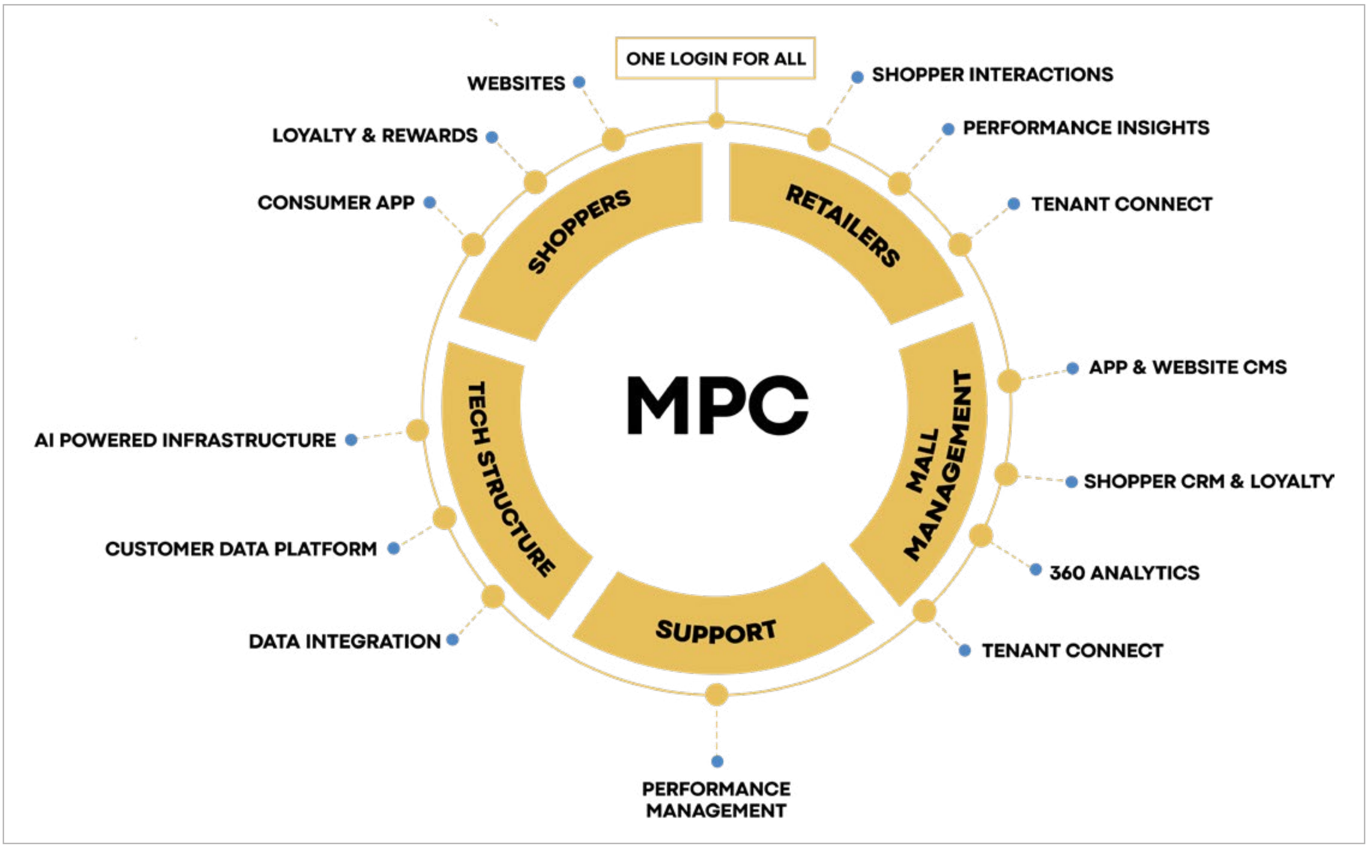

IMAGE: PLACEWISE

Visualization of the Placewise ecosystem

future growth – the leaders will realize that in order to stay relevant, centers will always need to reflect the needs of shoppers, especially the need for personalization and engagement. Placewise has a SaaS solution, which effectively addresses these things. Whether you are looking for a DMP, a predictive loyalty program, CMS, tenant management, campaign tools, websites or mobile game. And we have your back as engaging our client services can be helpful in a resource crunch. The common understanding of Placewise and our clients is the value that being both in the physical and digital worlds brings.

ACROSS: ***YOUR BUSINESS IS ALL ABOUT DATA AND CREATING THE BEST POSSIBLE RELATIONSHIP BETWEEN THE STAKEHOLDERS OF A SHOPPING DESTINATION. HOW HAVE YOU SEEN DATA BECOME AN INSTRUMENTAL TOOL IN TENANT ENGAGEMENT STRATEGIES IN THE MALL MANAGEMENT INDUSTRY?***
BONSAK: Not as much as it should be as data and digital tools can really make managing and collaborating tenants quite easy! But the focus should be on technology combined with data, not just data alone. You need to be able to process and activate the data to create value for the stakeholders.

ACROSS: ***CAN YOU SHARE SPECIFIC EXAMPLES FROM YOUR COMPANY OF HOW LEVERAGING DATA HAS PROACTIVELY ENHANCED THE RELATIONSHIPS BETWEEN MALL OPERATORS AND TENANTS, LEADING TO MORE PROFITABLE COLLABORATIONS? WHAT CHALLENGES HAVE YOU OBSERVED IN IMPLEMENTING DATA-DRIVEN STRATEGIES FOR BETTER COOPERATION BETWEEN MALL OPERATORS AND TENANTS, AND HOW HAVE THEY BEEN OVERCOME?***
BONSAK: Some of our most advanced clients have implemented strategies where they work from two angles, using data to add value to client-tenant partnerships. On the leasing side of the business, digital insights and opportunities, such as the number of digital profiles, shopper demographics, loyalty programs, and more, are brought into

the conversations in a structured way to allow the tenant to make decisions not only on the physical attributes of the location but also the value from digital and data they can expect when opening a new store. On the marketing side of the business, they work proactively towards the marketing departments for the key retailers to create joint initiatives based on the shopping center's data that support them in achieving their shared ambition to increase visitation and spending. The challenges that need to be overcome (for extracting more value from the available data) are often due to a lack of structured processes that support collaboration and knowledge sharing - both within the retail real estate companies and between them and the retailers.

ACROSS: ***HOW HAS TECHNOLOGY EMERGED AS A CRITICAL DRIVER IN DATA-DRIVEN DECISION-MAKING FOR MALL OPERATORS?***

BONSAK: The amount of data gathered and knowing what to do with data can be overwhelming. Software tools/technology are needed to sort through and understand the data. The result should be impactful business and marketing decisions. The shopping center clients that use Placewise tools optimally have saved time and resources and have significantly boosted revenues, footfall, shopper reach, and engagement. Such tools should be game changers!

ACROSS: ***HOW ARE TECHNOLOGY PROVIDERS USING DATA TO DRIVE SALES FOR MALL OPERATORS AND IMPROVE CUSTOMER RETENTION?***

BONSAK: Simply put, happy customers are loyal customers. They can see that they are valued. Centers are often an essential part of a community, and the smart use of technology can strengthen this relationship.

ACROSS: ***HOW DOES DATA TAILOR EXPERIENCES IN THE EVOLVING LANDSCAPE OF MALL MANAGEMENT?***

BONSAK: Based on data gathered from their unique shopper base, center management can, for example, create events, help decide tenant mix, and, if part of a portfolio of centers, comparisons can be made across the centers to help shape best practices. These are just some of the benefits that structured use of data can provide.

ACROSS: ***LOOKING AHEAD, HOW DO YOU ENVISION DATA CONTINUING TO SHAPE THE FUTURE OF MALL EXPERIENCES FOR BOTH TENANTS AND CUSTOMERS?***

BONSAK: It's not only about data but also about the technology that enables data to be used to its fullest. The push towards a more personalized experience must be balanced so as not to overwhelm customers, and here, data will be crucial in fine-tuning efforts. So we are on a course that is difficult to reverse, but it is the future, so it needs to be embraced! Regarding tenants, shopping center administrations still have a way to go. This is just as meaningful a relationship as with the end user - how tenants can be engaged and feel that this (a leasing contract) is a 2-way "relationship" will be crucial in the future. Marketing efforts, up-to-date communication and tech tools, data-driven decisions, and the like will be decisive when choosing a new location. Centers and tenants with this joint and collaborative focus on the end user will be the winners!

IMAGE: PLACEWISE

SUSAN HAGERTY BONSAK

Susan Hagerty Bonsak has been the CEO of Placewise since September 2023. With an extensive background in retail and B2B companies, Bonsak brought a wealth of experience to Placewise Group. She has held several senior leadership and CEO positions in the retail sector, demonstrating a proven track record of driving growth, enhancing operations, and executing successful recovery and turnaround strategies. Bonsak's international experience has been marked by her ability to adapt and deliver results in markets in Europe, Asia, and North America, making her an ideal fit to lead Placewise Group's global operations. Placewise Group is a fast-growing SaaS company that offers a comprehensive technology stack, entirely developed in-house, that covers data management, advanced marketing and segmentation, automation and machine learning, data analysis and visualization, content management, and apps. With 120 employees, Placewise serves over 1,000 shopping center clients across three continents.

ACROSS ADVISORY BOARD

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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IMAGE: KAUFLAND

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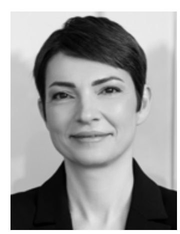
IMAGE: MPC PROPERTIES

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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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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.

MALLCOMM
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https://www.mallcommapp.com

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
Phone +33 1 79 71 90 00
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.

MESSE FRANKFURT
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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.

MIPIM
The world's leading property market
Phone: +33 1 79 71 90 00
http://www.mipim.com

MIPIM, the premier real estate event, gathers the most influential players from all sectors of the international property industry, for four days of networking, learning and transaction through premium events, conferences and dedicated exhibition zones.

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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.

MPC PROPERTIES
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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.

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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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