If you are interested to know more about Redevco's view on the impact of e-commerce on retail real estate, please contact Redevco.

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Amsterdam, March 2015

**Polarisation**
Consumers are shopping less frequently and prefer to visit the more attractive retail environments. Large and high-quality urban environments thrive at the expense of smaller and less attractive ones. The same is true for locations within cities; the best streets are benefiting from declining interest in weaker streets.

**Experience versus Convenience**
Shopping is increasingly about experience and convenience. Retail destinations need to cater for this trend in order to remain relevant for the consumers. Higher street environments generally have a distinct advantage in terms of experience shopping because of their historical nature and the availability of cultural amenities and leisure opportunities. Out of town retail parks are better equipped for convenience shopping due to their accessibility and offer.

**Future becomes less predictable**
Rapidly changing consumer shopping preferences and habits combined with a rising need for technological innovation make the current marketplace for retailers a very demanding one. Only those retailers (and landlords) that are responsive to change will succeed.

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**Relevancy & Resilience**

- YEARS OF RESEARCH
- 30,000 CONSUMER SURVEYS
- ACTION WORKSHOPS
- 7 RESEARCH INTERVIEWS
- 6 EUROPEAN COUNTRIES
- 4 YEARS OF RESEARCH
- 9 RETAIL CATEGORIES
- 30 EXPERT INTERVIEWS
- 14 YEARS OF STORE PERFORMANCE DATA ANALYSED
- 90 CONCRETE ACTIONS AND 185 NEXT STEPS IDENTIFIED

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**The Impact of E-Commerce on the European Retail Real Estate Landscape**

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Amsterdam, March 2015
Redevco strives to be the real estate partner of choice for retailers and we can only be successful when they are. Our task is to understand the developments in the retail landscape, enabling us to adapt our property offerings to the needs of our clients. Over the past few years, Redevco has been developing an e-commerce segment in order to seize opportunities arising from expected retailer behaviour. These trends form the basis for the formulation of clear and tangible initiatives on European and regional level.

INTERNET RETAILING TRENDS

**KEY TRENDS IN RETAILING DERIVED FROM EXTENSIVE RESEARCH**

<table>
<thead>
<tr>
<th>Consumer trends</th>
<th>Industry/organisational trends</th>
<th>Macro-trends</th>
</tr>
</thead>
<tbody>
<tr>
<td>e-commerce</td>
<td>• e-commerce is transforming the retail landscape</td>
<td>• Retail growth to change in expected manner</td>
</tr>
<tr>
<td></td>
<td>• e-commerce is growing in terms of location and volume</td>
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<tr>
<td></td>
<td>• e-commerce makes it possible to buy almost anything, at any time, and in any location</td>
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<td></td>
<td>• e-commerce is transforming the retail landscape</td>
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<tr>
<td>retail</td>
<td>• Retailers are facing new approaches to store management and new business models</td>
<td></td>
</tr>
<tr>
<td>store formats</td>
<td>• Retailers are developing new store formats, extending store hours, and entering new markets</td>
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<tr>
<td>customer</td>
<td>• Retailers are improving the customer experience and the in-store shopping experience</td>
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<tr>
<td>experience</td>
<td>• Retailers are investing in technology and digital innovation</td>
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<tr>
<td>services</td>
<td>• Retailers are transforming their operations and processes</td>
<td></td>
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<tr>
<td>products</td>
<td>• Retailers are developing new products and services</td>
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<tr>
<td>experiences</td>
<td>• Retailers are developing new experiences</td>
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<td>• Retailers are focusing on the experience and the in-store shopping experience</td>
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</table>

**TOP 5 LIKELY RETAILER REACTIONS ON THE CHANGING RETAIL LANDSCAPE**

1. **More demand for flexible space**
2. **Increase in importance of location/quality aspect**
3. **Retailers invest to improve the experience**
4. **Demand more flexible space**
5. **Retailers differentiate store formats**

**Top 5 likely retailer reactions on the changing retail landscape**

The tangible actions we have formulated and executed are derived from these trends and likely reactions ensuring that our asset management is fit for purpose and future proof.

**EXAMPLES OF PAN-EUROPEAN INITIATIVES**

1. **Enhance of Expedia as a platform for hotel bookings**
2. **Megacity增速 in Europe**
3. **Demographic change in Europe**
4. **Retail growth in Europe**
5. **Consumer behaviour is changing in expected manner**

**Examples of pan-European initiatives**

- **Omni-channel services and features**
  - Brand strength increasingly drives consumer behaviour
  - New technologies are fuelling retail growth
  - Retailers invest to improve the experience
  - Tourism is becoming more important
  - Retailers differentiate store formats

- **Internet of Things (IoT)**
  - Retailers are focusing even more on the Internet of Things
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- **Retailers differentiate store formats**
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- **Retail growth in Europe**
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**Future proof projects**

- **Redevco Germany**
  - Redevco Germany has extended its retail park in or to explore its potential. Some of its currently strengths include an excellent location, a strong position in the market, a large and dynamic tenant mix, and strong management teams.

- **Redevco Switzerland**
  - Redevco Switzerland has developed a strong position in the retail market, with a large and dynamic tenant mix, and strong management teams.

**Advantage of right user for location**

- For developers, the key to success is finding the right user for the location. This is a critical factor in the property business. Redevco Switzerland has developed a strong position in the retail market, with a large and dynamic tenant mix, and strong management teams.

**Strong focus on consumer**

- Shopping Park Baden-Baden
  - Shopping Park Baden-Baden is a strong focus on consumer, with a large and dynamic tenant mix, and strong management teams.