

PRESS RELEASE

Redevco appoints new Fund Directors as third-party assets grow to €2.7 billion

Munich, October 10, 2018 – Pan-European retail real estate specialist Redevco has appointed Marrit Laning and Thierry Cahierre as Fund Directors for its rapidly expanding investment management business. Assets managed by Redevco on behalf of third-party investors jumped to 37% of the total portfolio of €7.4 billion, or nearly €2.7 billion compared to none five years ago. In parallel with the growth in third-party assets, Redevco’s portfolio has continuously outperformed the underlying European retail real estate market by 200 basis points per year on average over this period, with a mean annual total investment return of 9.0% unleveraged.

Andrew Vaughan, Redevco CEO, said at the annual ExpoReal real estate trade fair in Munich: “The pan-European platform for third-party investors has been gaining increasing growth momentum on the back of above benchmark performance, despite a rapidly evolving and volatile retail landscape. By opening up our research-driven investment strategies and skilled teams on the ground across Europe for other investors, beyond our parent COFRA group, Redevco is securing partnerships with some of the leading institutions and managers in the market.”

Marrit Laning holds the responsibility for two portfolios in her new role as Managing Director Fund Management at Redevco. She also heads up the Portfolio Platform, which develops best practices for asset management and takes an active role in the company’s Innovation Team. Laning was previously Redevco Head of Research and Strategy.

Thierry Cahierre became Redevco Managing Director for France in 2014, after previously serving as Country Manager. In this role he has been responsible for the successful completion of the award-winning, inner-city development of Promenade Sainte-Catherine in Bordeaux opened in 2015. In addition, he and his team managed to secure key acquisitions and grow the French portfolio to €1.4 billion. This achievement is recognised in his latest appointment as Fund Director.

As Redevco has entered into joint venture partnerships with major like-minded investors, including Ares, Hermes and PGGM, particularly in the past three years, the composition of its property portfolio has also undergone a wholesale transformation. Total assets under management have been relatively stable rising from €6.6 billion to €7.4 billion between 2012 and 2018, but this covers a profound shift in the profile and geographical location of the underlying assets.

At the beginning of the process, Redevco withdrew from markets including China, Turkey, Romania, Italy, the Nordics and Poland, to refocus on its mainly Western European core heartland. The European retail real estate landscape has since evolved dramatically, driven by changing consumer behavior and the rise of e-commerce. Consumers have moved from a ‘need-to-buy’ to a ‘need-to-enjoy.’ More online shopping means using less stores and spending more time on alternatives: food, beverage, leisure, and the strengthening of the polarisation in the retail landscape. These megatrends meant that ‘location risk’ has leapt up the agenda and Redevco has had to move from being ‘sales centric’ to ‘experience centric.’ Transforming the retail offer from point of purchase towards points of engagement has become crucial to staying on top of the

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consumer's state of mind.

The European 'City Attractiveness' Retail Research Model

To keep ahead of this rapidly evolving retail landscape and to guide location investment decisions, Redevco's Research & Strategy team developed a 'City Attractiveness Model,' which went beyond assessing markets in terms of traditional drivers such as economic and demographic data. The researchers were able to show that 'soft factors' like the representation of creative professionals in a city, or the number of tourist attractions, are becoming increasingly important in determining rental levels and yields for retail properties in hundreds of European cities.

As Redevco applied this analytical tool to its investment decisions, supplemented by the experience and skills of its teams on the ground, the number of 'investment grade' European cities the manager would consider, reduced from 260 in 2012 to 150 by last year. The analytical power of the City Attractiveness tool was shown by the real rental growth that occurred in European cities under the model's stepped rankings of investment potential between 2004 – 2017. London and Paris, the two top markets, showed average retail rental growth of 147% over this period, with cities under the 'Excellent' category recording 40.9% rental growth. In contrast, European cities that fell within the 'Sufficient' and 'Poor' labels saw rental growth decline -10.4% and -29.8%.

Through the disciplined approach of applying its analytical model to its investment strategy, Redevco more than halved the number of assets in its portfolio to 327 at end-June 2018, from 800 in 2010, for a similar value of AUM. But more importantly the location quality of these assets has increased enormously with the vast majority concentrated in cities falling into the 'very good' and above category, compared with a wide spread of locations across city quality down to 'sufficient' and 'poor' city quality.

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ABOUT REDEVCO:

Redevco is a retail real estate investment management company. We aim to create more interesting places in which to live, work and shop in Europe's most attractive urban retail destinations. Our specialist investment strategies, local real estate knowledge and the scale of our Pan-European platform enable us to create value for both our retail customers and investor clients. Our highly-experienced professionals purchase, develop, let and manage properties, ensuring that the portfolios optimally reflect the needs of our clients. We believe in long term investments where quality and sustainability are key. We have 330 assets under management with a total portfolio value of about 7.4 billion EUR.

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