

SPH newsletter

news

News from CEE/SEE	page 2
Staffing	page 7
Lettings	page 8

special

Mipim and Expo Real take place at intervals of a few weeks. Mipim will again be offered as a hybrid format – real and digital – while Expo Real will primarily focus on real encounters in the exhibition halls. page 10

background

The three letters ESG occupy the real estate industry and investors. Some rather subjective and somewhat different thoughts about an objectively difficult topic. page 14

The revitalisation of city centres is currently a frequently discussed topic. But they are still alive and the first developments for more diversity are already there. page 17

opinion

Cities are eternal construction sites. To create liveable cities it is important for the planners' guild to enter into dialogue with the real estate industry. page 20

DEAR READERS!



This summer, a flood disaster on an unprecedented scale occurred here in North Rhine-Westphalia, in neighbouring Rhineland-Palatinate and in parts of Bavaria. On an unprecedented scale? That's not exactly true, because we know similar and worse catastrophes from other countries or continents through the media. But it concerns more intensively – I also had to make this experience –, if this happens in the close proximity and thus in the familiar environment.

It is terrifying what the force of nature can do. Such dangers already belong to the intact nature. But what happens when nature is even damaged? This brings us to the big issue of climate change and the urgent need for climate protection. We have known about this for decades, not just recently. However, we haven't done enough to protect the climate. Selective measures are good, but in total they are still too little. Far too little. Within the EU, the Green Deal can at least help us to do more. For that matter, we have to think in context.

For future spatial development, this also means remembering that sealed ground can neither absorb water nor store CO₂. I am not fundamentally opposed to new construction – in some places it is even necessary – but I am against urban sprawl in rural areas and densification in urban areas without the necessary open spaces. Because the flood disaster here will not be the last. Such catastrophes can and will happen again in the future – anytime, anywhere.

Yours,

Andreas Schiller



Le Palais in Warsaw is a historic building in the inner city and mainly used as an office building.

GENERALI ACQUIRES LE PALAIS IN WARSAW

Generali Real Estate has completed the acquisition of Le Palais, a prestigious office building in Warsaw, on behalf of the Generali Europe Income Holding (GEIH) fund. The seller of the asset is Patrizia on behalf of its institutional clients. The purchase price was not disclosed.

Le Palais is a historic building, erected in 1882 and extensively refurbished by Warimpex, which then sold the property to IVG in 2013 for EUR 31 million. IVG later became Triuva, which was sold in Q3 2017 to fellow German fund Patrizia.

The property is mainly used as an office building, and the total usable area of the complex is approximately 6500 square metres. Le Palais is located in the centre of Warsaw in the historical surroundings of Prózna Street and Grzybowski Square.

NREP ENTERS POLISH REAL ESTATE MARKET

NREP has acquired a logistics portfolio of 130,000 square metres and has invested in over 1,000 new residential apartments in central Warsaw. NREP plans to invest EUR 500 million in Poland by year-end. After 15 years of successful real estate investing in the Nordics, NREP is now extending its presence to Poland. Logicenters, NREP's specialized logistics arm, will manage the newly acquired assets in Poland.

NREP's first residential housing investment is a portfolio with more than 1,000 new apartments in Warsaw. The first apartments will be ready in 2022 and are acquired from the Finnish construction company YIT.

CRESTYL TAKES OVER RESIDENTIAL DEVELOPER IN POLAND

Czech real estate developer and investor Crestyl makes its first cross-border acquisition in Poland. Together with Cornerstone Partners, an investment management business in Central and Eastern Europe, Crestyl completed the acquisition of Polish residential developer Budimex Nieruchomosci.

Budimex Nieruchomosci was a subsidiary of Poland's largest construction group, Budimex SA, owned by the Spanish infrastructure giant Ferrovial. The PLN 1.51 billion transaction (approximately EUR 335 million) is one of the largest real estate deals in Central and Eastern Europe since the outbreak of the Coronavirus pandemic. With the takeover, the name was changed from Budimex Nieruchomosci to Spravia.

Crestyl also announces the signing of a strategic partnership with the Swedish residential real estate company Heimstaden Bostad to acquire 2,500 flats for rent over the next 5-year period.



Helaba | 



Q 19
Shopping Center
Vienna, Austria



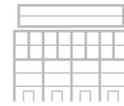
Balthazar
Office Building
Paris, France



61 Ninth Avenue
Mixed-use Building
New York, USA



EDGE Südkreuz
Office Development
Berlin, Germany



Upper Zeil
Retail
Frankfurt, Germany



Junghof Plaza
Mixed-use Building
Frankfurt, Germany

Higher returns through bespoke solutions.

In the real estate business, we are the experts for your bespoke financing solutions. Our solutions are finely tuned to your needs and encompass a comprehensive spectrum of services. As your partner in national and international markets, we give your project the drive it needs to succeed – competently, reliably and over the long-term.

Values with impact.



Zuckerman Offices in Bratislava are part of a larger project development that includes residential units as well as retail and gastronomic facilities in addition to office space.

ERSTE REALITNÁ RENTA ACQUIRES OFFICE BUILDING IN BRATISLAVA

The Erste Realitná Renta real estate fund managed by Asset Management Slovenskej sporiteľne has purchased the offices of the Zuckerman project from the J&T Real Estate Holding. The fund was established in 2019 and this is the first office acquisition in its portfolio. Zuckerman is a project located in a district at the banks of the Danube under the Bratislava castle. It was completed in 2017. The subject matter of the transaction consists of office and commercial premises with a rentable area of 16,800 square metres.

BENTALLGREENOAK CLOSES FIRST POLISH ACQUISITION

BentallGreenOak, a global real estate investment management advisor and provider of real estate services, has announced the acquisition of a logistics park comprising three warehouses in Gdansk. This marks the firm's first investment in the Polish market. The logistics park was acquired from developer 7R. The purchase price remained undisclosed. Two of the three assets are already built and amount to a gross leasing area of circa 39,000 square metres. The third asset will have a gross leasing area of 10,000 square metres and is currently under construction, with completion expected within the next six months.

CATALYST CAPITAL EXITS ROMANIA

The British private-equity fund Catalyst Capital has left the Romanian logistics market, after selling its four logistics projects to developer CTP, two properties in Timisoara, one in Arad and the other one in Caransebes. The total value of the transaction was EUR 23 million.

CPI AND AROUNDTOWN TAKE CONTROL OF GLOBALWORTH

Zakiono Enterprises Limited, a company indirectly controlled by CPI Property Group and Aroundtown, now has control of the largest office owner in Romania. CPI Property Group, owned by Czech billionaire Radovan Vitek and Aroundtown SA, both shareholders of Globalworth, put their stake in the office developer under the same umbrella and became the company's largest shareholder, with a total of 51.5 per cent of the company's shares. The new company now has sufficient voting rights to exercise legal control over Globalworth.

The rest of Globalworth's shareholders were at the end of December 2020: South Africans from Growthpoint (29 per cent), Oak Hills Advisors (5.3 per cent), EBRD (5 per cent) and the rest of the shareholders with less than 5 per cent stake, but which in total had 8.6 percent of the company.



Heimstaden has acquired 164 housing units of the Pergamenka project in Prague's Holešovice district from the Czech residential developer Finep.

HEIMSTADEN IS BUYING ITS FIRST PORTFOLIO IN PRAGUE

The Swedish company Heimstaden is entering the Prague rental housing market. In the Holešovice district of Prague, it bought the first 164 housing units under construction as part of the Pergamenka project from the development company Finep. The Swedish company will pay almost CZK 1.2 billion (approximately EUR 46,8 million) for the Prague portfolio.

164 fully equipped apartments, 162 parking spaces and 4 non-residential spaces will be built by Finep for Heimstaden on a turnkey basis. The project will also have a reception, restaurant, cafe and facilities for sports and relaxation available to future tenants. Heimstaden will offer its first Prague flats for full use at the beginning of 2024.

TREI OPENS FOUR NEW VENDO PARKS IN POLAND

Trei Real Estate GmbH, an international developer and asset holder for residential and retail real estate, opened four new retail parks under the Vendo Park brand in Poland.

The retail properties are located in Zielonka in the Masovian voivodeship, Piekary Slaskie in the Silesian voivodeship as well as in Koszalin and Myslibórz, two towns in the West Pomeranian voivodeship. Taken together, the new Vendo Parks have a gross lettable area of around 19,800 square metres. Overall, Trei invested circa EUR 27 million in these properties.

GTC SELLS SERBIAN OFFICE PORTFOLIO TO INDOTEK GROUP

Globe Trade Centre has decided to sell its Belgrade office portfolio to the Hungarian investor Indotek Group. The proposed acquisition price is EUR 267.6 million. The agreement will cover the sale of 11 buildings within 5 business parks – Green Heart, FortyOne, Belgrade Business Center, 19 Avenue and GTC House, all located in the New Belgrade district – occupying a total of 122,175 square metres gross leasing area. The agreement is expected to be completed in Q3 2021.

M7 ACQUIRES TERRAPARK OFFICE COMPLEX NEAR BUDAPEST

M7 Real Estate has acquired the office complex, Terrapark, in Budapest, on behalf of M7 CEREF II fund. The asset is situated to the south west of Budapest, in the Budaörs office market, within easy access of the M1 and M7 motorways. It provides a total of 28,500 square metres of space across two buildings. The purchase price remained undisclosed.



The Platinum office building in Brno had been in the portfolio of REICO's CS real estate fund since 2007. Now the property has been sold to the Czech investment group RSBC.

REICO SELLS BRNO OFFICE BUILDING TO LOCAL INVESTOR

REICO's CS real estate fund has decided to sell the Platinum office building in Brno to Czech investment group RSBC for an undisclosed sum. The Platinum building was the longest-held property in the fund's portfolio. It was acquired by the CS real estate fund in 2007. The total leasable area of the Platinum office building is 9,340 square metres. The property is located in the Veverí district, the centre of Brno's academic and executive institutions, and in close proximity to one of the city's landmarks – three high-rise office buildings in Šumavská Street.

ONE UNITED PROPERTIES ACQUIRES LAND IN BUCHAREST

One United Properties has signed the pre-purchase agreement for the acquisition of a plot of land with an area of 25,350 square metres located on Soseaua Fabrica de Glucoza in Bucharest, as well as for the acquisition of a quota of a plot of land with an area of 3,651 square metres, representing the access road. The total value of the transaction is of EUR 20.645 million. An urbanism certificate for construction has already been issued for the relevant plot, allowing the development of a real estate project with a built area of approximately 95,000 square metres. The company intends to develop One High District, which will include both residential units and commercial spaces, as well as facilities such as gym, swimming pool, restaurants, grocery store, coffee shops, green areas for relaxation.

HEIMSTADEN BUYS RESIDENTIAL PORTFOLIO IN POLAND

Heimstaden Bostad AB is to buy a newly-built residential portfolio with 2,496 homes in Poland for EUR 305 million from Polish residential development company, Budimex. The portfolio is located in Warsaw, Krakow, Wroclaw, Poznan and Gdansk. It consists of 13 projects to develop 2,496 apartments. The transaction is structured as forward funding commitments with Budimex as the developer. Heimstaden will make partial payments throughout the development phase based on construction milestones and does not take on development risk. Construction will begin in 2021 and the projects will be completed between Q1 2023 and Q1 2025.

M7 ACQUIRES LAST MILE INDUSTRIAL ASSET NEAR POZNAN

M7 Real Estate, acting on behalf of M7 CEREF II, has acquired a last mile, multi-let industrial scheme near Poznan. The asset comprises a total of about 20,000 square metres of warehouse and ancillary office space. It is located in an industrial zone 3 kilometres east of Poznan city centre.



The Explora Business Centre office building in Nové Butovice in Prague 5 offers 22,800 square metres of lettable space.

LOCAL FUND TRIGEA BUYS PRAGUE OFFICE BUILDING

Czech real estate fund Trigea bought the Explora Business Centre office building in Nové Butovice in Prague 5 from Golden Star Group. Explora Business Centre is an office project, located right at the Nové Butovice underground station and offering 22,800 square metres of leasable area. Developed by Avestus Real Estate, Explora Business Centre had been acquired by Golden Star in 2018.

STAFFING



left: Claudio Cisullo
right: Dana Bordei

Claudio Cisullo has been appointed Chairman of the Board of Directors at Romanian real estate developer One United Properties. Claudio Cisullo has recently become the third biggest shareholder of the developer and was Member of the Board of Directors of One United Properties since 2020. The Swiss Claudio Cisullo is Founder and Chairman of CC Trust Group AG, an internationally active family office. He has over 30 years' worth of experience in corporate finance, M&A, venture capital and private equity. Claudio Cisullo has been an active investor on the Romanian residential and commercial property market for several years.

Dana Bordei has become Commercial Country Manager for VGP Romania. Prior to joining VGP, Dana Bordei worked at WDP Romania as Commercial Director for two years and has 12 years of experience at CBRE as Head of Industrial Advisory. Dana Bordei holds a Master's degree in Finance from the Faculty of Finance and Banking at Bucharest University of Economic Studies.



left: Justyna Filipczak
right: Silvia Schmitt-Walgenbach

Justyna Filipczak has been promoted to the role of Head of Central and Eastern Europe (CEE) of Cromwell Property Group. Justyna Filipczak joined Cromwell in 2013 from GE Real Estate rising to Head of Finance, CEE. She left Cromwell in 2018, joining Multic Corporation as Regional Finance Director. She returned to Cromwell in 2019.

Silvia Schmitt-Walgenbach is appointed as the new Chief Executive Officer (CEO) of CA Immobilien Anlagen AG with effect from the beginning of 2022 for a period of three years until December 31, 2024. She succeeds Andreas Quint, who will retire when his Management Board mandate expires on 31 December 2021. Silvia Schmitt-Walgenbach joined Barclays Bank Ireland PLC in June 2014 as Chief Operating Officer responsible for activities in Germany, the Netherlands and Sweden. Previously, she was a Member of the Management Board of Morgan Stanley Real Estate Investment GmbH and was responsible for handling the real estate fund business of the investment company. Between 2005 and 2009 she headed the division of Real Estate Strategy at Dresdner Bank as part of the Allianz Group. There she restructured and sold Dresdner Bank's real estate portfolio before being appointed to the Management Board of Deutsche Gesellschaft für Immobilienfonds (DEGI)/Aberdeen Property Investors Holding, where she was responsible for transactions, fund management and treasury. Silvia Schmitt-Walgenbach has also been a Member of the Management Board since March 2015 and has chaired the Management Board of the Association of Foreign Banks in Germany since May 2019.

LETTINGS



PORT7, PRAGUE

CZECH REPUBLIC 

Port7, a new Skanska's project in Prague-Holešovice, reports its first tenant The Eye Centre Prague clinic (Klinika Oční Centrum Praha) will use 1,600 square metres on the 'Edinburgh' building ground floor. Port7 aims to transform the former industrial zone at the Troja bridge into a new centre of Holešovice. Based on the architectural design of the DAM architekti studio, three administrative buildings – Edinburgh, Alexandria and Dover – are to be erected here, offering over 35,000 square metres of office and retail space in total. Completion is planned in 2023.

BROWARY WARSZAWSKIE, WARSAW

POLAND 

American asset management company Point72 has leased 3,000 square metres at the Malthouse Offices in Browary Warszawskie in Warsaw. Browary Warszawskie is a mixed-use city quarter redeveloped by Echo Investment on the site of a former brewery. In addition to the restored brewery buildings, five residential buildings, three office buildings and open squares were built here. On the ground floors of new buildings and in revitalized historic buildings, gastronomic concepts, shops and services are opening up.

NORBLIN FACTORY, WARSAW

POLAND 

1,500 exhibits related to the development and evolution of Apple products will appear in the creative and interactive Apple Museum Poland in the revitalized Norblin Factory complex. The museum with an area of 320 square metres is set to open this fall. The revitalization of the Norblin Factory, located in Warsaw's Wola district, will offer 65,000 square metres of usable area, with offices taking up 41,000 square metres, and with the remaining 24,000 square metres filled with entertainment, culture, food, service and retail concepts. Capital Park Group is the investor and initiator of the revitalization of the Norblin Factory.

SKYLINER, WARSAW

POLAND 

X-Trade Brokers (XTB), one of the world's largest Forex & CFD brokers, will occupy nearly 4,400 square metres of office space in the Skyliner building in Warsaw. In the lease negotiation process, XTB Group was represented by the agency Knight Frank, and the owner of Skyliner – Karimpol Group – was represented by CBRE Poland. Skyliner is located in Warsaw's Wola district and offers 45,000 square metres of office space situated on 34 floors. The lowest floors in Skyliner are dedicated to services, retail and restaurants. A five-storey underground car park offers 428 parking spaces.

WARSAW TRADE TOWER, WARSAW

POLAND 

Grupa Azoty, a producer of fertilizer and chemical components, has extended its lease in the Warsaw Trade Tower. The company occupies 1,160 square metres in the skyscraper, which is owned by Globalworth. Located in Warsaw's Wola district, Warsaw Trade Tower is one of the highest buildings in the city, offering 44,300 square metres of gross leasing area.

WEST STATION, WARSAW**POLAND** 

Europapier Polska has relocated its head office to West Station office building, next to Warsaw West station. The tenant was represented throughout the market analysis and tendering process by real estate advisory firm Cresa Poland. The West Station I and II buildings on Al. Jerozolimskie comprise 69,000 square metres of leasable space. The complex has been developed by HB Reavis and PKP S.A. and is owned by Singapore-based Mapletree Investments.

WIDOK TOWERS, WARSAW**POLAND** 

Warsaw's Municipal Office has leased 12,000 square metres in the recently completed Widok Towers in Warsaw. The Technical City Hall will occupy ten of the total of 28 storeys. The high-rise complex, which was developed by Austria's S+B Gruppe, has been owned by the Commerz Real open-ended real estate fund hausInvest since 2014. The 95-metre-high ensemble is located directly in downtown Warsaw at a junction formed by the Al. Jerozolimskie and ul. Marszałkowska roads, directly opposite Centrum metro station. The leasable area of approximately 34,800 square metres is essentially subdivided into about 28,900 square metres for offices, about 3,600 square metres on the first floor, the ground floor and the first basement level for retail outlets and gastronomy, as well as about 1,800 square metres of storage space. In addition, the complex has 130 car parking spaces and a large number of bicycle stands.

HILLWOOD WARSZAWA TARGÓWEK**POLAND** 

The Museum of Modern Art (MSN) in Warsaw is to lease 2,000 square metres of space in the Hillwood Warszawa Targówek warehouse investment. JLL represented the MSN during the negotiations. Hillwood Warszawa Targówek is a warehouse park, comprising two buildings totalling over 49,000 square metres of space. It is located in the eastern part of Warsaw, approximately 10 kilometres from the city centre and 15 kilometres from Warsaw Chopin Airport. The urban warehouse park is located only six kilometres from the S8 expressway, eight kilometres from the national road 2, and is located in close proximity to Warszawa Zacisze train station and numerous bus routes.

ONE TOWER, BUCHAREST**ROMANIA** 

McCann Worldgroup Romania is relocating its headquarters in One Tower office building developed by One United Properties in Bucharest. One Tower is located in the Floreasca neighbourhood and part of the One Floreasca City project, a mixed-use development. One Tower will have a 16-storey height with a total gross leasing area of 23,867 square metres.

ISHO OFFICES, TIMISOARA**ROMANIA** 

Deloitte Romania will relocate its regional office in Timisoara to Isho Offices, a mixed-use project of Mulberry Development that will feature 1,200 apartments and 50,000 square metres of office space. Isho offices is located on Bulevardul Take Ionescu 50-52.

MIPIM AND/OR EXPO REAL – REAL OR DIGITAL?



The rules of distance, hygiene and masking also apply at trade fairs, as does the possibility of contact tracing.

In contrast to the past, Mipim and Expo Real are taking place at relatively short intervals one after the other. And some people are asking themselves whether they should participate in one, the other or both trade fairs, whether on-site or only in digital form.

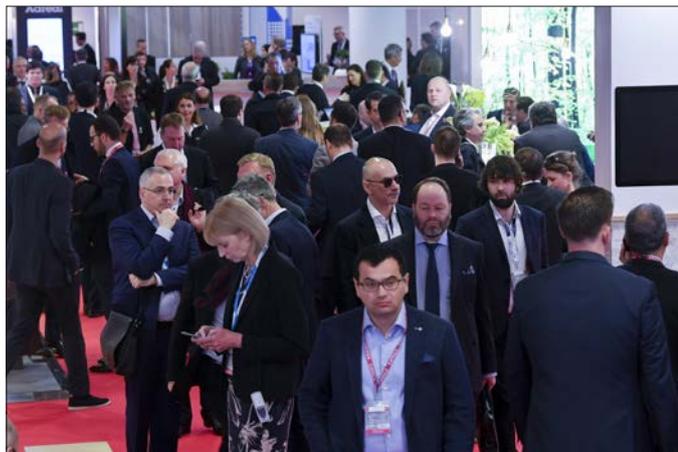
Mipim in March? At this time, we were all in the middle of the lockdowns because of the Covid 19 pandemic. So the date for the property fair slipped first into June and then into September, probably also in the hope that the situation would largely ease in the summer. Therefore, the date was moved to 7 and 8 September 2021 and the show was renamed Mip-

im World 365. Unlike usual, it will only be two days and the event itself will take place as a hybrid format. Only in March 2022, a 'real' Mipim will take place again, at least, this is the firm intention of the organiser, RX France, formerly known as Reed Midem.

Even though the motto is "Time to reconnect" and a film "Cannes – Safe & Business Ready" emphasizes that the airport, train stations, restaurants and hotels are safe for on-site participants, the organiser still does not seem to expect an overwhelming flood of 'real' participants gathering at the Palais des Festivals. For in addition to the On-site Pass for EUR 1,200, which offers access to the Palais

des Festivals as well as to the digital platforms with the conferences and the list of participants and is valid until the end of the year for also Propel by Mipim 2021 and for the Mipim Asia Summit, there is also the Annual Digital Pass for EUR 450, which offers the same digital options until the end of the year. And as a third option, there is a September Digital Pass available – it costs EUR 250 – which also gives access to the Mipim online platform, albeit only until the end of September. What all three variants have in common is that they also offer the opportunity to network digitally with other participants.

What awaits the Mipim visitor in Cannes itself is difficult to evaluate. Yes, there will



Tight and maskless? No longer possible. Now you have to keep your distance and wear a mouth and nose guard.

be the traditional Opening Cocktail Party on the eve of the fair (Monday, 6 September 2021). Where this will take place is still open. Presumably, it also depends on how many participants will be there. Mipim Awards will also be presented, but the ceremony will take place on the last day in the afternoon (8 September, 15:00 to 16:00, Auditorium in Palais 1). What visitors should not expect are individual stands. This is because exhibitors only have the option of booking a system stand of a size between 9 and 90 square metres. And while there was usually a list of exhibitors published in advance of Mipim, this time there is to find only a list of participating companies, leaving open which company the visitor will encounter in Cannes itself – be it as an exhibitor or be it one or the other company member as a visitor – or which companies have only registered for digital participation. This is a bit of the proverbial pig in a poke.

705 companies (as of 29 July 2021) from 42 countries have registered. 325 French companies form the strongest group. The second largest group comes from Germany with 98 participating companies, 60 companies have registered from the UK and 36 from Belgium. Italy follows with 23 registrations, and 20 participating companies each are registered from the Netherlands and Spain. Also still in double figures are Switzerland (16), Poland (15), Denmark and the USA (14 each)

and Sweden (13). Besides Poland, Russia (8 companies) and Ukraine (5), the Czech Republic (4), Romania, Slovenia and Hungary (2 each) as well as Serbia (1) are represented from CEE.

The conference programme is entitled "People, Planet, Performance". Under the heading "Planet", the focus is on climate protection, "People" deals with the promotion of creativity and growth as well as the changes in the working world during the pandemic, and under the heading "Performance", the focus is on the new ESG guidelines and what they mean for real estate investments.

However, investment topics such as residential, hospitality, logistics and healthcare are also on the agenda. The so-called Geo Focus is directed at France, Germany and the UK.

The topic of the city is not to be missing either: What will become of the central business areas after the pandemic, when more and more people work in home offices, and how can we achieve, together with all those involved and affected, to keep CO₂ emissions in cities as low as possible?

The list of speakers is impressively long, but who will be live on the panel and who will only be digitally connected? That will be a little surprise.

Only five weeks later, from 11 to 13 October 2021, Expo Real will take place in Munich. Messe Munich puts the focus primarily on a 'real' event, on the real estate industry being able to meet in the exhibition halls. There will be five exhibition halls (A1, A2, B1, B2 and C1) in which more than 900 exhibitors (some 200 main exhibitors with their co-exhibitors) will be spread out.

From the CEE/SEE region, the biggest group are the Polish exhibitors – 23 in all. They are mainly cities and regions that want to present themselves, but also companies like Cavatina from Krakow and Panattoni Europe, the latter has registered from Warsaw. B2 Kapital, a company for financial services in debt collection and receivables management, is coming from Croatia. The Republic of Moldova is once again represented by the country's investment agency, and Transylvania Evolution, actually Cluj-Napoca, has registered from Romania. From the Russian Federation it is once again the city of Moscow, which can be found at its usual prominent location in Hall B1. From Serbia, the Vojvodina Development Agency has registered with five cities as co-exhibitors. Slovakia is represented by Alfa Facility Management and the Sturovo Industrial Park, Slovenia by the investment agency Spirit Slovenia. From the Czech Republic, CTP, P3 Logistic Parks and the City of Prague are coming to Munich.

In addition, international exhibitors will include the two Austrian joint stands "Austria" and "Europa Mitte", the "Swiss Circle", the joint stand of Swiss exhibitors, the "Holland Property Plaza" and "Holland Metropole" from the Netherlands, as well as the cities of Barcelona, Lisbon

What will be missed in 2021 is the "Grand Plaza", the marketplace for retailers at the trade fair. Of the retailers, only Edeka with Netto will have its own stand so far – also in former years they had never been at the Grand Plaza before – and Ernsting's family will be there as a

as we all crave personal encounters, exchange and suggestions from outside, as much as we hope that the restricted times of the pandemic may be over and that life in general will become more 'normal' again, the fact that the Delta variant of Covid-19 is taking its toll and the numbers of infected people are rising again almost everywhere cannot be overlooked.

Yes, access to the event should only be given to the vaccinated, tested and recovered – in France, proof is needed in the form of the *Pass sanitaire* and for international participants, a corresponding digital proof. The hygiene and protection concept demands that visitors keep their distance and wear masks, in Munich specifically FFP2 masks. The trade fair organisers also emphasise that they will ensure that crowding can be avoided as far as possible with the routing and increased distances. But does that always work?

Just imagine the entrance situation at the West Entrance before Expo Real opened its doors and the double check: ticket and proof of 3G. And having a conversation with a mask at a distance of one and a half metres in an exhibition hall with many people and a noise level that is already high per se? At least a challenge, because the mask does not exactly contribute to the clarity of articulation, and the distance makes understanding even more difficult.

So it won't be quite "as usual". And it's not just the fair itself. You have to travel to the fair, find accommodation, then get to the fairgrounds, often by public transport or taxi. Who doesn't remember the subways, crowded in the mornings and evenings, or the queues in front of Entrance West to get a taxi? You don't have to be a hypochondriac to feel a quiet unease. On the other hand, a full vaccination should largely protect. People are not hermit crabs, but sociable beings who need contact and exchange with others. And above all, exchange is probably more important today than ever before. | **Marianne Schulze**



At Expo Real in Munich, the real estate industry is to meet again in reality.

and Porto as well as Stockholm, Gothenburg and Helsinki.

As usual, there will also be a Tech Alley, but this time in Hall A2. The planned capacity of 30 participants – only half of what was offered in 2019 – is almost fully booked, according to the fair.

Slightly less extensive than before is the fair's conference programme. The main topics are the effects of the Corona pandemic and climate protection. Of course, ESG is another topic, also in Munich.

There will also be a look at the individual asset classes of healthcare and nursing, hotel and logistics real estate, as well as the Real Estate Innovation Forum, traditionally the stage for start-ups and Prop-Techs. At least some of the events will also be streamed.

co-exhibitor with the Münster Economic Development Corporation.

What is new is that there will no longer be the Expo Real App and the Match-up on the homepage. Both will be replaced by the digital platform Grip, via which you can have also access to the livestreams, receive targeted contact suggestions and network via chat and video chat. This platform can also be used by those who are not "on site" in Munich. In addition to the 3-day ticket (until 27 August EUR 550, then online EUR 650 and on-site EUR 700) and the 2-day ticket (only valid on Tuesday and Wednesday; until 27 August and afterwards online EUR 445, on-site EUR 595), there is also available a digital pass for EUR 149.

As pleasing as it is that trade fairs can and should take place again, as much

At Invesco Real Estate, we have an authentic approach to ESG.

For us, this means a holistic view of engagement of every single element of E, S, and G factors when identifying and managing properties – for the benefit of our clients, our tenants, our business partners and our staff.

- 12 Invesco strategies earned the 2020 GRESB Green Star Designation
- Four strategies achieved 5 out of 5 Green Stars, placing them in the top quintile of all global submissions
- Five strategies ranked 2nd or 3rd in their peer group
- All 13 GRESB submissions received 99% of the Management Component points, which reflects strong ESG leadership, policies, reporting, risk management, and stakeholder engagement practices
- Received an A in the UNPRI report's Direct Property module compared to the median score of B
- We strategically pursue Green Building Certifications including LEED, BREEAM, and CASBEE and maintain Energy Ratings such as ENERGY STAR, EPC, and NABERS for eligible property types globally

Sustainability is not just a badge-wearing exercise at Invesco Real Estate. Our organizational ESG approach includes:

- ESG as part of the acquisition due diligence process
- Integrating ESG goal setting into our annual business plans
- Creating a Global ESG Committee for a cohesive, worldwide sustainability approach
- Transparently disclosing our ESG strategy and performance to investors through reporting frameworks such as GRESB, GRI, INREV, CDP, and UN PRI
- Launching Invesco's first Climate Change Report in July 2020 to address our climate change risk, response, and opportunities
- Measuring and monitoring building energy, emissions, water and waste, and in doing so seeking to improve performance
- Collaborating with key stakeholders to maximize sustainable best practices
- Training our employees
- Evaluating physical risk due to climate change

We are proud to be a sustainable investment manager.



ESG = Environmental, Social, and Governance

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WHAT IS THE POINT OF ESG?



Three letters that should be a matter of course, but now become mandatory: ESG

The three letters are on many people's lips. "Environment, Social, Governance" sounds good, but very general. This is not the only thing that makes it difficult for the real estate industry and for investors to deal with the new requirements. Subjective and somewhat different thoughts about an objectively difficult topic.

It is astonishing how quickly certain developments happen: just a few years ago, hardly anyone would have been able to make sense of the letters ESG. In the meantime, everyone knows what the three letters stand for, but there is still general uncertainty.

The situation is similar to that after the outbreak of the Covid-19 pandemic.

Suddenly everything is different: a turning point in investment criteria as well. It is no longer just about returns, legal and tax frameworks, but about new content. The 'what' is still quite easy to understand, but the 'how' is more difficult.

A very honest statement was made by a young junior employee in the real estate sector, who said that environment, social and governance had not been part of her studies. She is certainly not alone in this. ESG sometimes causes headaches even for experienced market personalities.

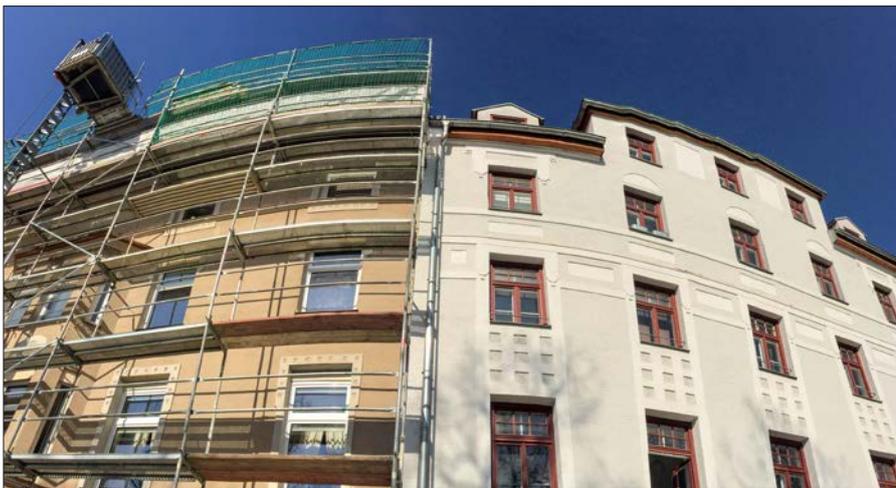
Perhaps it helps that I did not study real estate or business administration. Philosophy, as one of my subjects, includes ethics. Ethics was one of the main focuses, along with logic. While philosophy

also means history of ideas back to the ancient world, combined with real history as Marianne Schulze's subject of study, it sparked many discussions about ESG and the related debates and activities that we are all experiencing in the real estate and investment markets right now. Again and again it all came back to the question: What is the point of ESG?

The contents are important in any case. Let's start with the E for Environment. There is no question that we have to do a lot for climate protection, just as there is no question that buildings play an important role in this. But certificates, be they from BREEAM, LEED, DGNB or others, have been known and sought after for many years. This raises the question: which investor actually still buys a building that



Nature is not only environment of humans, rather humans are also part of nature.



The renovation of the building stock is crucial for climate protection.

does not have such a certificate? The same applies not only to institutional investors, but also to end users, especially in the residential sector. There may not be the corresponding label, but there are energy requirements that no one can avoid.

But for both groups of buyers, all this applies to new construction. It is much more challenging and difficult with existing buildings – be they younger or older. Modernisation to minimise energy consumption is the keyword here and probably the biggest task for the future. In addition, climate change requires us to think more and more in context. Every renova-

tion or conversion of existing buildings at least helps to prevent new soil from being sealed. Thinking consistently to the end it means that not building would be best. On the other hand, this will not work, but redevelopment of existing buildings at least helps the environment.

Environment is an important, but at the same time delicate word. Language is sometimes treacherous, as everyone who deals with language professionally knows. And it could hardly be said more pointedly than by Bernd Ulrich, deputy editor-in-chief of the German weekly *Die Zeit*, who wrote after the flood disaster:

“There is no environment. There is nothing that merely surrounds humans, no outside world that they can face autonomously, sovereignly or even invulnerably. Rather, humans are always part of nature, it passes over them and through them, they consist of it.” This shows the arrogance inherent in the term ‘environment’.

Moreover, a centralist self-image of the human being is always an inevitably subjective one. If everyone only says “I” and not “we”, it cannot go well. This leads directly to the S for Social.

As thankful as it is when companies get involved socially through patronage or sponsorship, that alone will not be enough. It should certainly be included in some kind of social balance sheet, but what would be important for real estate investors would be, for example, the share of socially relevant properties in the portfolio. Luxury flats are not likely to be part of this, but affordable housing is. For those who operate in places where a certain percentage of subsidised housing, vulgo: social housing, is mandatory in new housing construction, this should not be new territory, but elsewhere it is.

This example alone, but everything in the social sphere has to do with ethics, or more precisely: with social responsibility. Some may not like to hear this, but the phrase “greed devours brain” aptly describes the attitude of some market participants. With a little thought, the phrase would be better turned around: “brain devours greed”.

As much as the E and S are connected, the G for Governance seems rather independent at first glance. This is where the codes of conduct have been coming into play for some time. There are now plenty of them. Why is it that when I first heard the phrase Corporate Governance, it seemed so close in phonetics to the corrupted governess? With compliance, it was complicity. And why, after many years, does the sentence of the then manager of a large international real estate fund company on the subject of corpo-



The Ten Commandments and ethics would suffice as a criterion for action.

rate governance still come to mind: “Only black sheep need a clean slate”? Subjectively, she had my sympathy at that moment.

But also objectively, there can indeed be considerable differences between the approval of a code and the actual behaviour. Corresponding codes were probably also signed by Wirecard. That’s where it’s worth taking a look at ethics, especially what is referred to as ethics of conviction and ethics of responsibility. Because daily actions should be as consistent as possible with the values to which people are and feel committed. Otherwise what happens is what can be read in the Bible in the Letter to the Romans. In his inner conflict, Paul writes there: “For the good which I have a mind to do, I do not; but the evil which I have no mind to do, that I do.”

To stay with the Bible: Many years ago, when Marianne Schulze and I were driving through Hamburg with Jürgen Ehrlich, the then CEO of DIFA Deutsche Immobilien Fonds AG, the predecessor of today’s Union Investment Real Estate, there was a Bible in his car. From a conversation with Jürgen Ehrlich at the same time, I still remember his sentence on the subject of codes of governance: “The Ten Com-

mandments are enough.” He was right, ultimately they are sufficient not only for corporate governance, but also for manners with fellow human beings inside and outside the company and – staying with biblical language – even the responsible treatment of Creation. Talking about manners and responsibility: How far has it actually come, if this has to be codified.

Nothing against reading, quite the contrary. But instead of the latest publications on EU taxonomy or on dealing with ESG, let’s go back to philosophy. Actually, it is about what Immanuel Kant already formulated in Königsberg in the 18th century: “Act only according to that maxim whereby you can at the same time will it to become a general law.” It is one of the many formulations of his categorical imperative. Immanuel Kant, one of the most important thinkers, never left Königsberg during his life. But back to the present, where, unlike Immanuel Kant, so many people are travelling more than ever before – some now to a similar extent as they did before the outbreak of the pandemic. And sometimes also to conferences on ESG.

The question remains: What is the point of ESG? Insight into the necessity of thinking and acting differently would be good,

especially in a world challenged by climate change and the pandemic. This is certainly the case for some individuals and companies as well as corresponding organisations, but seems rather unlikely for the entirety of market participants.

But at least, with the EU regulation as well as the corresponding taxonomy with ESG, a categorical imperative has been created in a certain way. This is what is called a compulsion to act. If not in spirit, the industry must at least comply with the letter of the law.

The targets set by the EU’s climate goals for the E are the clearest and most necessary ones. Following on from the Paris Agreement on climate change, the European Green Deal is about more concrete implementation.

Two things support the prospects of success: Both the word deal, which is easy to understand and thus very comprehensible in the real estate business, and the group pressure associated with it – there is hardly any other way – will contribute to improving climate protection. Everyone is likely to join in, even if it is only because it seems opportune. This attitude could be particularly easy for institutional or private investors for whom opportunistic decisions are part of the investment strategy.

There are those who have been aware of the contents of ESG for some time and who already act accordingly, but also many who are now jumping – or more correctly: have to jump – on the bandwagon. These will still include those for whom the label, the certificate or the code is enough. If without conviction, the latter realise at least that there will hardly be any financing, returns and profits without ESG. But even in this limited view, ESG still has a benefit. If only for the E for climate protection. For there it is much the same as with the pandemic. In a recent conversation, our colleague Christine Mattauch said the decisive sentence: “Nature doesn’t ask about motivation.” | **Andreas Schiller**

NEW LIFE FOR CITY CENTRES



In pandemic times, it has become particularly clear how unattractive city centres often are.

The revitalisation of city centres is a frequently discussed topic at the moment. But city centres are still alive, they will just have to return to their former and original role.

At the latest since the Covid 19 pandemic, the resulting lockdowns and the absence of tourists, discussions about the “revitalisation of city centres” have become almost inflationary.

Yet the problem has existed for some time, it has only now become all too obvious. Think, for example, of the much-cited food court concepts to lure people into the shopping centres – here the

range of shops has long been insufficient to provide the necessary footfalls.

What shopping centres are on a small scale, city centres are often on a larger scale. It is the large, omnipresent chains, the monoculture of clothing stores and mobile phone providers, of chain restaurants and cheap discounters, for which you no longer have to go to the city centre, at least in larger cities, because you can find it all in the next shopping centre in the city districts.

What is missing, on the other hand, are extraordinary and individual offers that can only be found in the city centre, also surprising or entertaining things as well

as cultural offers that are not limited to theatres or a blockbuster cinema.

What can already be observed: Retailers are complaining loudly, but it is often the retail chains that are now giving up their shops, not so much the small local retailers that still exist in some places. It is possible that the declared insolvencies of the chains are often just about renegotiating the lease, because the prices for retail space have dropped significantly in some places. Despite all the complaints – the chains in particular have made considerable gains in online retailing.

Another observation: in some cases, grocers and discount food stores are re-

turning to the city centre, after years of observing the opposite trend. And in one or the other empty retail space, an ice cream parlour or a breakfast bar is now moving in or the adjacent gastronomy is expanding or is opening a Repair Café and meets with high demand.

Vacant spaces are also ideal for the pop-up stores that have been discussed for some time. They don't always have to present brands and products, but can also serve cultural purposes or show the work and possibilities of a service provider of whatever kind.

Whether it is performances and the exhibition of artistic works, whether it is handicraft production processes and products or even an info point where future building and other projects in the city are presented – there are many possibilities. Small-scale events and discussions are also conceivable in these locations.

An example of how such empty shop spaces can be used temporarily was given by the office for landscape architecture LAND – Landscape, Architecture, Nature, Development – in Milan. Here, only 2 kilometres from the cathedral and a few steps from the office's headquarters in Via Varese 16, a "Wunderkammer" was opened, where the office's projects from three decades are presented under the motto "Reconnecting People with Nature", but also – pandemic developments in Italy permitting – lectures and discussion are planned.

With the term "Wunderkammer" (cabinet of curiosities), LAND is not necessarily harking back to the cabinets of rarities of the Renaissance, but rather to the "miracle" that the connection between landscape, architecture, nature and development, which for a long time required many explanations and probably also a lot of persuasion, has now arrived both at those responsible for urban development and in the real estate industry.

Actually, such ideas are nothing new, they just seem to have been largely for-



Pop-up store in Milan: the „Wunderkammer“ of LAND

gotten in the past years and decades. For the city has always been characterised not only by the market place – the equivalent today is the shopping miles – but in earlier times workshops and artists' studios were also open so that people could find out about the respective works. The entertainment industry – jugglers and minstrels – also worked in the

city – where else would they find their audience?

What we need again in many cities is, above all, diversity. And perhaps, at least in this respect, the pandemic has made undesirable developments abundantly clear and triggered developments for the better. | **Christiane Leuschner**

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Cities are the best places to live, but they present us with enormous challenges. Cities are places of stress, competition, inequalities, congestion and environmental pollution. Cities are often aggressive environments, not only for children, the elderly and the vulnerable. And living in the city is often expensive.

On the other hand, cities are centres of economy, culture, creativity, science and innovation and therefore offer perspectives and opportunities for many people. For the majority of people, the advantages outweigh the disadvantages.

Accordingly, the influx into cities continues unabated and cities are growing. As a result, cities are also growing in the third dimension: „into the sky“ and „underground“.

Many actors are involved in the development of the city, and since the city is an open system, these are constantly changing. However, urban planning and urban development as well as the real estate industry each have a special role to play. Although both work on the same object 'city', often even with similar goals, the approaches are very different and the knowledge about each other, let alone mutual understanding, is limited.

Planning as a public task and in the interest and service of society is usually commissioned by the administration, which in turn is supposed to implement political guidelines. The important thing is not to optimise in only one direction, but to grasp the city in its entirety as far as possible and to define the framework conditions for a balanced and sustainable development. There are hardly any economic parameters for planning, i.e. something like ROI, and also no real success parameters – whether a city develops well or badly because of or despite intensive urban planning can hardly be ascertained objectively.

The planning disciplines – urban, transport and landscape planning – do not produce concrete, generally perceptible products with a concrete market value; they can

only create proposals for framework conditions that can be examined according to professional, legal and economic criteria and politically decided.

Ultimately, it is the real estate and the construction industry that create the visible face of cities, the city's usability and the experience cities offer people. The real estate and the construction industry, often with architects as intermediaries between the worlds, act with clear requirements for the profitability of projects. Ideally, the steps from the very abstract conceptual or strategic planning to the realisation of individual properties interlock synergistically – in practice, the impression is all too often that urban planning and the real estate industry are very reserved towards each other. It could be worthwhile for both sides to learn a little more about the 'other side' and perhaps even to understand it. Cities could only benefit from this.

Real Corp, which will take place in Vienna from 7 to 10 September 2021 (www.corp.at), offers an opportunity to learn more about each other. The topics range from the effects of the pandemic on urban planning, climate change and climate adaptation, mobility concepts and affordable housing to the question of how to keep cities liveable for all. The fact that the focus is less on analysing the financial and more on the spatial effects of measures and projects, from the building block to the international level, could also be useful for the real estate industry.

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