

#FUTURE FOR WARD

The ECE logo consists of the letters 'ECE' in a bold, sans-serif font, with a blue curved line underneath that starts under the 'E' and ends under the 'E', resembling a stylized 'e' or a swoosh.

ECE 2022/23

Competent partner
for challenging times

**CREATING SPACE.
INSPIRING PEOPLE.**

“Especially in such challenging times we have a great responsibility and must remain a reliable partner for our stakeholders.”



@EDITORIAL

@EDITORIAL

Dear readers,

These are truly challenging times. Yes, we have known about climate change for a long time – but it now has a completely new sense of urgency. Then there’s inflation, together with rising interest rates after years of quantitative easing. And few people foresaw a pandemic and a new war right in the heart of Europe.

These times teach us humility. Our Excel models are, ultimately, limited. We can’t influence or control everything. And there are more important things than economic success. Especially in such challenging times, we also have a great responsibility. We must find answers to the question of how our economy can be reformed without causing social upheaval. Because sustainability isn’t just about the environmental aspect. We need to adapt our business models to changing consumer behavior and our working environments to different ways of working. And we must remain a reliable partner for our stakeholders despite all the challenges.

Partnership is not just a word for us. During the coronavirus lockdowns, we voluntarily reduced the rental rates in our own portfolio by half. We have personally worked closely with leading retailers to secure fair pandemic support for them. And we have extensively supported cities with the implementation of testing and vaccination campaigns (page 56).

And now, too, we are taking very concrete responsibility both for climate protection and for our tenant partners. In our own center portfolio, we will install solar systems at our own expense and make the electricity available to the centers free of charge. In addition, we will complete the ongoing conversion to fully LED lighting. In many centers, both of these measures will have a noticeable dampening effect on ancillary costs as early as 2023 (page 48).

In challenging times, however, partnership alone is not enough. What is needed now more than ever is competence, strength, and truly long-term thinking. One example of this is the very early securing of electricity and gas prices. We have already secured 100% of our electricity needs for 2022 and 75% for 2023 and 2024, and in the event of price falls we will buy electricity on the spot market. As a result, despite the significant increases in energy prices, we are able to keep costs largely stable.

At the same time, we are investing heavily in our employees and in the further digitalization of both our real estate and our processes (pages 16 and 100). With the Energy Refurbishment Roadmap (page 50), we are making our shopping centers climate-neutral in a systematic and practicable way. As an anticyclical and active investor, we stabilize projects and portfolios that we believe offer long-term opportunities. And in the midst of the crisis we need to be able to make decisions and to focus directly on our customers (page 8).

We are doing all this with full force and with pouring all our energy and passion into these measures. And yet sometimes it all seems completely unimportant given the news from Ukraine. We can and want to deal with entrepreneurial challenges. The others we can only face.

Alexander Otto
CEO der ECE Group

Claudia Plath
CFO der ECE Group

BEST OPPORTUNITIES FOR THE FUTURE

For more than ten years, leading institutional investors have been successfully investing in the funds of ECE Real Estate Partners. The focus is on shopping and hotel properties with potential for value enhancement.



• 60



72 MORE THAN FOUR WALLS

Sustainable living space for all: ECE Work & Live delivers efficient and ecologically compatible living space solutions across Europe.

22 BUILDING IN TIMES OF CRISIS

Corona virus, war, and climate change: despite all the current challenges, there is no standstill in ECE's development projects.

94 RETHINKING THE CITY

The international building exhibition IBA'27 in Stuttgart is exploring the future of building and living together. An interview with IBA Director Andreas Hofer.

Cover image: Melanie Krüger, Lead in Portfolio Development at ECE Marketplaces and Diversity Manager; Dr. Jan Röttgers, Director of Logistics & International at ECE Work & Live



RETAIL REAL ESTATE IN TRANSITION

The G3 Shopping Resort on the outskirts of Vienna is reinventing itself: in the center with over 130 shops, exciting entertainment meets sporty outdoor experiences and sustainable concepts from the region.

• 38

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ECE GROUP

CREATING SUSTAINABLE VALUE

The ECE Group lives real estate – and does so with passion. With its specialized companies ECE Marketplaces, ECE Work & Live, and ECE Real Estate Partners, the Group offers comprehensive real estate services and fund management from a single provider. These services are consistently digitalized by ECE Group Services. Partnership and sustainability are firmly part of the corporate DNA.

ECE GROUP

A PARTNER FOR CUSTOMERS AND SOCIETY

Creating contemporary shopping, working, and living environments, inspiring people, and offering them space to develop – this has always been the philosophy of ECE.

@ECE GROUP

The ECE Group is internationally active in the real estate and investment sector and, as an owner-managed family company, is able to offer asset management, project development expertise, investment management, and other full-service real estate services from a single provider with its specialized companies ECE Marketplaces, ECE Work & Live, ECE Real Estate Partners, and ECE Group Services. To this end, ECE has transformed itself from a shopping center developer to an integrated group in the real estate and investment sector.

A milestone in this development process was the transformation into the ECE Group, which was completed at the beginning of 2021. In its new organizational structure, the ECE Group, under the leadership of Alexander Otto (CEO) and Claudia Plath (CFO), is responsible for the strategy, management, and financing of the entire Group. Its services and expertise are offered to the market by the independent companies ECE Marketplaces (shopping centers, CEO Joanna Fisher) and ECE Work & Live (offices, logistics, residential, and hotels, CEO Henrie W. Kötter). As an independent, regulated alternative investment fund manager (AIFM), the fund com-

pany ECE Real Estate Partners (Managing Partners Dr. Volker Kraft and Markus Schmitt-Habersack) is also part of the mix. All services within the Group – from design and project management services to commercial property management, legal advice, and further digitalization of the Group – are provided by ECE Group Services (Managing Directors Robert Heinemann and Arndt Schwerdtfeger). "The goal of our transformation is to hand over more responsibility to the individual companies of the ECE Group and to be able to act even faster in response to the needs of customers and markets," explains Alexander Otto, CEO of the ECE Group. "According to feedback from our customers, this has been achieved and we have successfully positioned ourselves for the future." //

3.2 billion
EUROS CONSTRUCTION
AND PLANNING VOLUME

31 billion
EUROS OPERATED MARKET
VALUE VOLUME

3,200
EMPLOYEES

120
SUSTAINABILITY
CERTIFICATES

MORE THAN
57
YEARS OF
EXPERIENCE

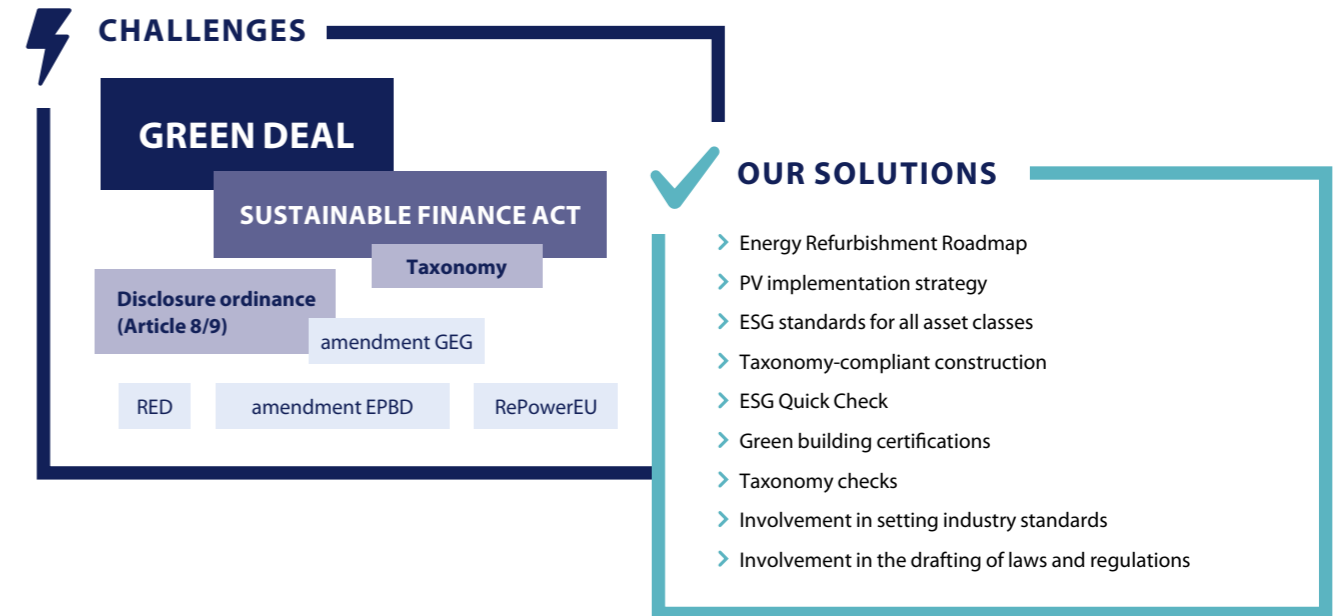
A CLEAR COURSE: ON THE WAY TO CLIMATE NEUTRALITY

Green Deal, Climate Protection Act, Sustainable Finance Act:
In order to achieve climate targets, policymakers have devised strict regulations – especially for the real estate industry. ECE has developed exacting standards and concrete solutions to comply with these regulations. As part of this process, it put all existing ESG requirements and strategies to the test last year. The goal was to define clear standards for all business areas, with a focus on climate-neutral construction and operation.



MARIA HILL,
DIRECTOR SUSTAINABILITY
& CORPORATE
COMMUNICATIONS,
ECE GROUP SERVICES

@ECE GROUP



Politicians are stepping up the pace on the issue of climate neutrality. This is demonstrated by the German Climate Protection Act (KSG), which was amended in 2021 and sets a target to reduce emissions by at least 65 percent by 2030 compared with 1990. The EU is also setting legal climate targets for the first time and has enshrined the goal of a climate-neutral Europe by 2050 in the EU Climate Change Act.

To ensure that the transformation to a climate-neutral society is successful, the EU has developed the Green Deal. One component of the Green Deal is the Sustainable Finance Act, which imposes numerous requirements on the real estate industry. In addition to the Disclosure Regulation, which obliges investors and banks to report transparently on their sustainability activities, it also sets out specific environmental criteria for sustainable real estate. New and existing buildings can now be assessed for their compliance with a taxonomy based on the environmental goals of climate protection and adaptation to climate change. Four further environmental targets and social targets will follow shortly.

Europe has also announced further requirements that are highly relevant to the real estate industry. The amendment of the Energy Performance of Buildings Directive (EPBD) will probably have the most significant impact. This directive is one of the EU's most important legal requirements with

regard to improving the energy efficiency of buildings and must be implemented by member states. The EPBD will have direct and very concrete consequences for new construction (including the Building Energy Act) and existing buildings in many different respects. For example, it affects energy certificates and energy audits, the Heating Costs Ordinance, minimum standards for energy efficiency, renovation schedules as a requirement for the sale of real estate, and the inclusion of the building sector in EU emissions trading. It also affects areas such as e-mobility.

MARKET DEMAND FOR CLIMATE NEUTRALITY

It can also be observed that the market is now following the CRREM pathway and the goal of being climate-neutral by 20XX, since there is otherwise a risk that property will become a "stranded asset" and suffer a loss in value.

ECE DEVELOPS SOLUTIONS

The real estate industry needs clear strategies and concrete, practicable solutions to meet these challenges. As early as 2009, ECE was able to certify its first shopping center in line with the new DGNB standard, and since then interdisciplinary teams of architects, engineers, facility managers, developers, M&A specialists, and sustainability experts have developed, implemented, and continuously refined a comprehensive catalog of measures. >

@ECE GROUP



- Bis 2023 werden alle Center mit E-Ladestationen ausgestattet.

> 120

DGNB, LEED, and BREEAM certificates for ECE properties

> 9,000

Green lease contracts for sustainable rental areas

139,500 t

CO₂ savings thanks to green electricity

ESG BOARD

ECE's ESG Board brings together representatives from science, business, and politics, and scrutinizes all new projects with regard to ecological, social, and economic impacts. In addition, the ESG Board trains and educates employees on this topic. The insights and suggestions gained from the lively exchange between board members and decision-makers at the ECE Group are incorporated into the decision-making process for the projects.



TARGET: CLIMATE-NEUTRAL RETAIL REAL ESTATE BY 2045 OR EARLIER!

With its Energy Refurbishment Roadmap, ECE has already proved that even complex, high-frequency properties in the retail real estate asset class can become climate-neutral by 2045. Shopping centers require in-depth engineering expertise as well as an understanding of operations and the various interdependencies. ECE's experts understand how climate neutrality works (more on p. 48). In parallel, ECE has developed an accompanying photovoltaic strategy for the shopping centers it operates, which offers the owners of the properties various models for implementing the use of solar energy (more on p. 54).

HIGH ESG STANDARDS FOR LOGISTICS AND RESIDENTIAL PROJECTS

ECE also sets clear ESG guidelines and standards in the residential and logistics asset classes with its Logistics and Residential Code. ECE's standards are intended to go beyond the legal requirements and to minimize CO₂ emis-

sions during development and later operation. For the logistics properties developed by ECE, an Efficiency House 40 (EH40) standard will therefore be the basis of all future planning. Likewise, DGNB Gold certification is targeted as a minimum for all logistics developments – and planning will be taxonomy-compliant (more on p. 80).

In line with the "New Leipzig Charter," which focuses on the transformative power of cities for the common good, ECE demonstrates its holistic commitment to residential developments with its Residential Code. Among other things, the voluntary commitment is accompanied by a commitment to the Code of Ethics of the German Tenants' Association and the Central Real Estate Committee (ZIA). In addition, ECE commits itself to sustainable portfolio management and sustainable acquisitions.



Among other things, the newly established Engineering, Environmental & Grants department advises on all matters relating to engineering and architecture, supports the further development of standards, and is responsible for the photovoltaic strategy (more on p. 54).



INTERNAL AND EXTERNAL EXPERTISE

Standing still is not an option for ECE as we head into the future: in order to keep up with the dynamic developments in policy and legislation, ECE's standards are subject to constant review and further development. This is ensured by clear structures, an ESG Board, and the pooled expertise of a dedicated specialist department.

ACTIVELY SHAPING STANDARDS

ECE is also committed to helping shape industry standards. Among other things, it supports studies by the Institute for Corporate Governance in the Real Estate Industry (ICG) on social impact investment. Within the ZIA, the company advocates for the improvement of energy certificates and a smart, practicable, and efficient realignment of subsidies for existing and new buildings and of the Building Energy Act.

NEED FOR SUITABLE FRAMEWORK CONDITIONS

In order to achieve the climate targets, suitable framework conditions are needed – and very quickly! For example, subsidies for energy-efficient renovations must be further expanded and should be based not on efficiency classes but on the amount of CO₂ saved. In addition, a fourfold increase in the renovation rate by 2045 is necessary to achieve the climate targets. Procedures and approval processes in the construction sector must be made less bureaucratic. A training drive in the skilled trades is also needed. Green district heating and green electricity for use in heat pumps and user electricity must be included in the balancing limits.

Without a green energy economy, very few properties will become climate-neutral – regardless of how much money companies invest. That's why the transformation of the energy economy urgently needs to be accelerated. //

ECE GROUP AS A PARTNER WITH INTEGRITY

Hanseatic, respectable, commercial – these attributes have been part of ECE’s culture since its foundation. In line with this, integrity has also always been firmly anchored in the corporate values. In 2012, ECE established a comprehensive compliance management system as part of its governance efforts, which has since been continuously adapted to the changing business activities of ECE and the changing legal framework.

ECE’s compliance management has been certified by the Institute for Corporate Governance in the Real Estate Industry (ICG) and is audited on a regular basis. ECE’s compliance management system (CMS) covers all consolidated companies of the ECE Group and is managed by ECE Group Services’ central Compliance department. The customized CMS includes the following responsibilities: anticorruption, money laundering prevention, business partner compliance, business partner screenings, and antitrust law. The cornerstone of the CMS is the ECE Code of Conduct, which provides guidance to employees on relevant topics. The counterpart to the Code of Conduct is the ECE Business Partner Standards, which the business partners commissioned by ECE undertake to comply with.

“The compliance awareness among our management and our employees is very high. Among other things, we ensure this through regular training and concrete specifications in guidelines and manuals. In this way, we provide employees with the most practical assistance possible on how to behave correctly in everyday business,” says Katharina Dittmann, Chief Compliance Officer.

ESG AND COMPLIANCE

The ESG standard also places requirements on traditional compliance in the area of “governance.” The principles of fairness and transparency are to be reflected, among other things, in corporate ethics, the internal control system, and risk management, as well as in dealings with business partners. ECE already meets these requirements through its comprehensive compliance management system, but will also align itself with current best practices in the future and strive for continuous further development.

DATA PROTECTION

Integrity and compliance also include adherence to applicable data protection law. ECE has established a comprehensive data protection management system. The focus of data protection is on customer data protection in the shopping centers (in particular for on-site marketing campaigns and digital offers), the protection of business partner and employee data, and support for IT projects. Close cooperation with the data protection supervisory authorities is essential for ECE, for example in connection with video surveillance and vehicle license plate recognition in the centers. //



“OUR COMPLIANCE MANAGEMENT IS NOT A PAPER TIGER, BUT IS CONSTANTLY DEVELOPING, JUST LIKE THE BUSINESS OF ECE. AND WE ARE ALSO INFLUENCED BY CURRENT EVENTS IN THE WORLD – FOR EXAMPLE, THE ISSUE OF SANCTIONS LIST CHECKS IS PARTICULARLY RELEVANT AT THE MOMENT.”

CATO MEYER-EMIGHOLZ,
HEAD OF DEPARTMENT COMPLIANCE,
DATA PROTECTION UND SECURITY



Employees and business partners of ECE can anonymously submit information about compliance violations at any time via an electronic whistleblower system.



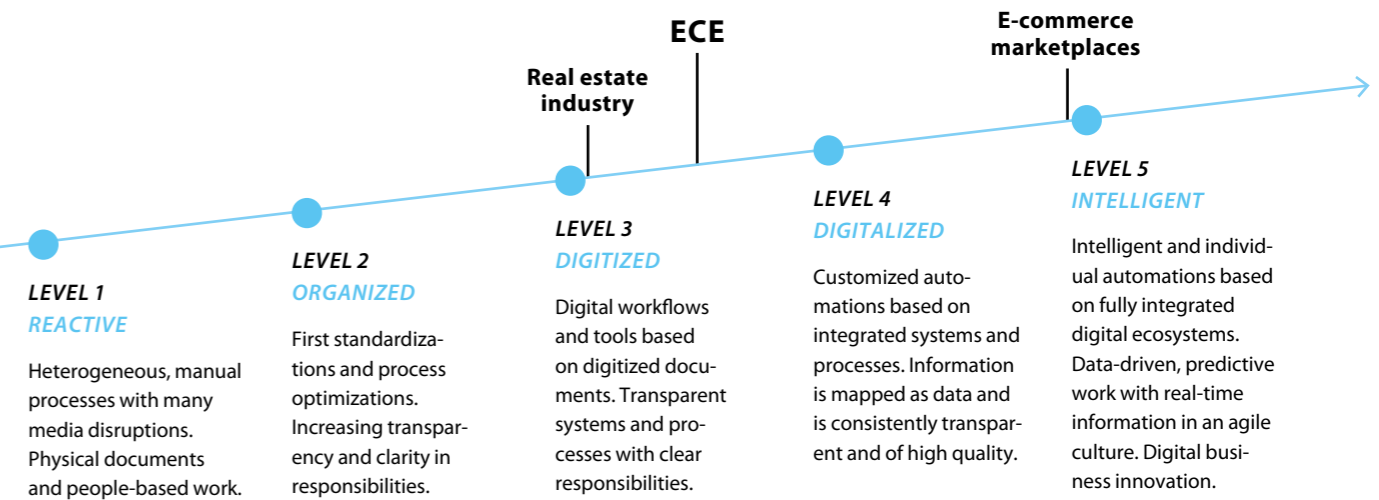
DIGITALIZATION – A GAME CHANGER IN THE REAL ESTATE INDUSTRY

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The digital transformation is increasingly becoming a game changer for the real estate industry as well. The potential of digitalization is obvious in the operation, construction, and management of real estate, as well as in the optimization of companies' internal processes. For some time now, the focus has also been on end-to-end digital interaction with customers and suppliers, integrating companies into digital ecosystems on the market, and leveraging digital potential in the areas of project development and fund and asset management.

THE DIGITAL MATURITY OF A COMPANY

FROM FACTORY TO SMART PLATFORM



But digital transformation is more than digitalization. It is a long-term process with the goal of building an adaptable and dynamic company with a corresponding business model and being sustainably competitive. Digital champions are accordingly not only digitalized, but also transformed in their entirety. In addition to the digitalization of documents and processes, almost all areas of a company, be it culture, organization, technology, processes, products, or the actual business model, are switched to a different modus operandi.

The real estate industry discovered digitalization for itself relatively late on. Accordingly, it has a lot of catching up to do or, to put it positively, still has a lot of potential for improvement. There are plenty of ideas and grand visions, but implementation and realization are almost always costly, complex, and protracted. This is due not only to the challenging nature of digital transformation, but also to the lack of standards in the industry: the manufacturing mentality – real estate is generally unique, which makes the real estate industry very different from other industries – the frequent heterogeneity of business models, the sometimes very traditional management culture, a long track record of success without pressure to change, and the very low digital and IT affinity of the traditional real estate sector. Digitalization is also made more difficult for the real estate industry by the low supply of industry-specific, custom-fit IT solutions on the market and the phenomenon that despite excellent project management

skills in the traditional real estate sector (for example, in project development), project management for internal and cross-company IT, change, and digitalization projects still has considerable potential.

The ECE Group recognized the potential several years ago and set out to lay the foundations for a powerful digital transformation. The foundation for this is a digital agenda with concrete fields of action and projects. It was thus possible to start creating the necessary basis for future-oriented IT, professional process management, and a modern work culture at an early stage.

The ECE Group's digital agenda focuses on the further development of products, services, and business models within the framework of interface, product, and business model digitalization. Individual services at the interface to the customer, in particular to investors, tenants, and consumers, are constantly being developed both internally and externally. These services are developed based on modularized business processes with a high degree of automation, which increasingly enables fast, efficient, and reliable interaction and the provision of real-time information. In addition, work is currently underway to create digital ecosystems for customers and the business, >

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Prof. Roger Nolting has been CDO of the ECE Group since July 2021. The business information scientist is a proven expert in the digitalization of companies and the management of IT companies and divisions. His focus is on the future-oriented development of companies and business models using modern technological and organizational possibilities. In addition to his work at ECE, he is professor of digital management at the University of Applied Sciences for Economics and Management (FOM) and advisory board member for companies in the software and real estate industries.

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“FOR THE ECE GROUP, DIGITAL TRANSFORMATION IS THE TARGETED PROCESS, ANCHORED IN ITS DAY-TO-DAY BUSINESS, OF USING THE TECHNOLOGICAL AND CULTURAL POTENTIAL OF THE DIGITAL AGE TO DESIGN ATTRACTIVE, FUTURE-PROOF MARKET OFFERINGS AND SUCCESSFULLY EXPAND THEM FOR THE LONG-TERM BENEFIT OF ITS CUSTOMERS.”

PROF. DR. ROGER NOLTING, CHIEF DIGITAL OFFICER, ECE GROUP SERVICES

PROCESSES AND DATA

Customized automation, process digitalization and business process management, digital customer and supplier integration, self-service portals, information as data (datafication), data quality, data-driven intelligence, real-time information, end-to-end processes, time-to-market, etc.

PEOPLE AND ORGANIZATION

Culture, change, leadership, organizational structure, process organization, training, digital expertise, interdisciplinarity, democratization of knowledge, employer attractiveness, new work, remote working, collaboration platforms, etc.

DIGITAL TRANSFORMATION

Holistic and ongoing transformation process of the company in the context of its social and economic environment

BUSINESS MODELS AND PRODUCTS

Platforms, B2C and B2B ecosystems, shared economy, online and multi- and omnichannel, new revenue streams, product and business area innovation, sustainable competitive differentiation, proptech, fintech, insurtech, etc.

INFORMATION AND COMMUNICATION TECHNOLOGY

Software, integrated system and application landscape, architectures, modularization, IT platforms, basic infrastructure, big data, clouds, AI, blockchain, IoT, smart cities, smart homes, 3D printing, distributed energy technologies, IT security and cybersecurity, etc.

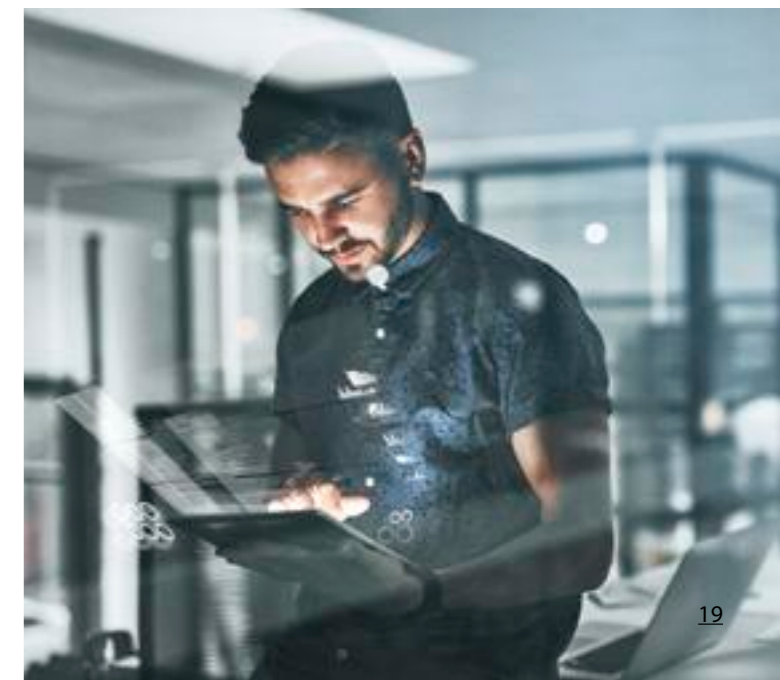
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for example in the shopping sector. Following the successful implementation of the digital end-to-end space leasing process, which maps all steps from the offer of a space to finding potential tenants to the conclusion of the lease agreement with automatic creation in the booking system, work is also currently underway to automate receivables management. The aim here is to be able to map everything automatically, from the identification of open receivables and assignment to internal or external processing partners to integrated and automated feedback on the status of processed receivables. In addition, a fully integrated digital consumer ecosystem (B2C) based on the connected commerce approach is currently being built, as is a digital platform for B2B operations with digital services for investors, tenants, partners, and suppliers. New working methods in the project sector and complete digital solutions such as BIM or intelligent building management with predictive maintenance of the properties managed by ECE are also being tested or further developed in pilot projects.

Process digitalization with the aim of “smart processes,” for example in document, financial, or billing management, is now well advanced, and data quality has been massively improved over the years. Electronic signatures, digital archives, business intelligence and data warehouse applications, cloud services, and agile, modern cooperative working methods are now part of the established standard at ECE, thanks among other things to the introduction of a fully integrated, cross-company collaboration platform based on Microsoft 365.

offerings and successfully expand them for the long-term benefit of its customers. ECE has laid the foundations for this in good time and, as a successful, broadly diversified, financially strong, and family-run company, has the resources and the strength to continue to be a reliable partner for its customers in the future. //

However, the ECE Group’s digitalization strategy also pays special attention to the increasing merging of the physical and virtual world, because this aspect is of particular relevance in the real estate industry. It also relies on the potential of digitalization and modern data worlds for challenges such as the realization of its ESG strategy, modern energy management, or increasing government regulation. For the ECE Group, digital transformation is the targeted process, anchored in its day-to-day business, of using the technological, organizational, and cultural potential of the digital age to design attractive, future-proof market



THE FUTURE OF DESIGN

Digitalization at its best: developing real estate products with best-in-class design using state-of-the-art digital planning tools. That is the mission of ECE's in-house creative agency Creative Design. Highly qualified architecture, master planning, interior design, and communication design professionals from all over the world work here on future-proof, highly efficient ideas and concepts – in all asset classes.

As a digital innovation driver, Creative Design also focuses on efficient planning processes. To this end, the experts carefully select the best digital tools available on the market to help optimize the project development process and timing on the architectural side. The team not only has expertise in using the tools and programs, but also contributes to their continuous development by providing input related to market and client requirements.

1 First idea sketches



2 Design Input



3 Exploration



4 Favourites selection



EFFICIENT AND ACCURATE PROPERTY REVIEWS: FROM MASTER PLANNING ALTERNATIVES TO DIAGRAMMATIC LAYOUTS FOR RESIDENTIAL BUILDINGS

Designing an entire real estate site together completely digitally and analyzing it in real time – that is what the generative design tools used in the early project development stage make possible. The resulting 3D models help architects keep options in mind from the outset in accordance with external parameters such as the site and its boundaries, the terrain, and regulatory tasks, and then put them to the test by adding further simulations, such as weather conditions, in order to ultimately arrive at a sketch of the best site solution by comparing multiple designs. Problems are identified and eliminated at an early stage in the planning process.



5 Compare and select



6 Analyse



7 Selection and optimisation



8 Further planning until the final result



MORE EFFICIENT AND ALL-ENCOMPASSING

The goal is to provide a comprehensive overall impression of the planned real estate product – be it a new building or a restructuring. Thanks to their exceptional knowledge of planning and architecture, the experts at Creative Design, with the help of the digital tools, “arrive at the same good solution much more efficiently by also taking alternative scenarios into account,” says Eduardo Landete, an architect at Creative Design. He and his team not only use the tools successfully in the planning of complex building projects, but also continuously adapt them in-house in the interface with the program developers – always with the aim of being able to visualize the customer’s wishes even more precisely. “We use the full range of what a real estate developer needs,” says Seda Tugutlu, an architect at Creative Design. “That, combined with our expertise, makes us even more efficient and unique.”

BRINGING THE PRODUCT TO LIFE: ADDITIONAL TOOLS AND PRESENTATION AIDS

Once the master plan is in place and the building shell and its units have been simulated, the next step is to bring it to life. With other digital tools, such as virtual reality 3D modeling and animation programs, designers vividly imagine how the real estate product might ultimately look and how it could interact with its environment. //

BUILDING IN TIMES OF CORONAVIRUS, WAR, AND CLIMATE CHANGE

Inflation, material shortages, interrupted supply chains, rising construction and energy prices, and soaring interest rates: these are just some of the buzzwords that describe the current situation in the construction sector. In addition, there is an acute shortage of skilled workers. Challenges that ECE is successfully meeting.

HIGHEST RISE IN GERMAN CONSTRUCTION PRICES IN 51 YEARS

Construction prices in Germany already rose by an average of 11 percent year on year in 2021. This was the highest price increase in the last 51 years. However, it did not have any impact on the orders being received by construction companies: the books are full. It remains to be seen what effect the war in Ukraine will have. The associated sanctions are affecting international supply chains and routes. The sharp rise in energy costs is also driving up the cost of steel and concrete production. As a result, construction price increases of between 15 and 25 percent are expected in 2022/23.

THREE-WAY PARTNERSHIP FOR LONG-TERM SUCCESS: PARTNERSHIP, PREVIOUS MATERIAL DISPOSITION, INNOVATIVE DISTRIBUTION MODELS

Whether it be the residential project at the Stern-Center in Potsdam, the Logistics Center Stuttgart-Heilbronn, the Tide in Hamburg, or MesseCity Cologne – despite all current challenges, there has been no standstill in ECE's development projects. The specialists from the ECE business unit Architecture & Construction rely on a triad of partnership-based cooperation, forward-looking materials planning, and innovative award models. Thus, the network with construction partners from medium-sized companies as well as with large construction

companies is continuously being expanded. Equally important are partnership-based dealings with construction partners in bids for and implementation of projects, construction lots in SME-friendly sizes, forward-looking materials planning with construction partners, the use of various award models – from early contractor involvement to general planning contracts to multiparty contracts – and escalator price clauses in construction contracts that regulate possible material price increases.

As a result, not only are new construction projects being successfully completed, but the approximately 150 parallel construction projects in the shopping center portfolio are also progressing steadily. The construction and planning volume of around 650 million euros includes the design of store areas to attract new tenants, maintenance measures, extensive developments, mall refurbishments, and measures to improve the quality of stay as part of the At Your Service program, such as those currently planned for the Allee-Center Hamm and the City-Galerie Wolfsburg.

For the implementation of energy-related refurbishment measures in shopping centers and new ECE Work & Live construction projects, the ECE experts are also examining the acquisition of federal subsidies. Funding has already been secured for some new construction projects.



ARNDT SCHWERDTFEGER,
MANAGING DIRECTOR
ARCHITECTURE &
CONSTRUCTION,
ECE GROUP SERVICES

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650 million €

IN CONSTRUCTION AND PLANNING IN THE SHOPPING CENTER PORTFOLIO

- Construction projects during ongoing center operation: the restructuring of the Potsdamer Platz Arkaden will be completed before the end of 2022.

THINKING AND ACTING GREEN EVEN IN TIMES OF CRISIS

In the dialogue with the industry and policymakers, ECE is involved in various associations. This allows developments in the areas of ESG, sustainability, and taxonomy to be incorporated into construction planning at an early stage. In view of rising energy costs, ECE's specialists are also working intensively on concepts for energy generation in the shopping center portfolio. This includes planning the use of photovoltaic systems on center roofs. The implementation is scheduled to start as early as mid-2022. //

@ECE MARKETPLACES

ECE MARKETPLACES

CREATING VIBRANT MARKETPLACES

In close partnership with investors and tenants, ECE Marketplaces creates urban experience spaces for shopping, entertainment, service, and more. Modern marketplaces with a wow factor that attract, excite, and inspire people.

@ECE MARKETPLACES

RETAIL REAL ESTATE: A CLASS OF ITS OWN

After two extremely challenging years for the shopping center industry, it is now time to look ahead and strategically position retail real estate for the future. In this interview, Joanna Fisher, CEO of ECE Marketplaces, talks about new concepts and digital strategies – and explains why the market is not always right.

Ms. Fisher, after more than two years of pandemic, with a significant impact on brick-and-mortar retail, the question is obvious: do shopping centers have a future?

Joanna Fisher: Yes, they do, and there are a number of indicators for this: customers are again flocking to the centers in large numbers, and sales and footfall in recent weeks and months have mostly been at or even above pre-crisis levels. In terms of leasing, we have concluded more rental agreements in 2021 than we have for a long time. The average rent level has fallen only slightly, and the vacancy rate in the portfolio we manage has also increased only slightly. However, to ensure that the properties remain successful and retain their value in the long term, we need to look ahead holistically – and tackle a few key issues.

What do you mean by that?

It's crucial that we consistently develop the shopping centers right now and strategically position them for the future with tailored investments. There is no standard recipe for this; each property must be considered individually and developed further with location-specific

measures. But there are a number of strategic approaches with which we can jointly secure and further increase the value of retail real estate. Not all of them are entirely new; we have been implementing many of these building blocks for years with visible success for the properties. But in the current phase of structural change, which has been further accelerated by Covid, their smart implementation is all the more important.

So, it's no longer enough to simply run a shopping center and make sure that all the space is leased.

Exactly. Of course, professional management and successful leasing are the fundamental elements for stable, successful, sustainable retail properties. Without operational excellence in daily business and the corresponding operator expertise, it won't work. In addition, there are four fields of action that are essential for the future orientation of retail properties. These are: the further development and expansion of the tenant mix, a consistent customer focus, the digital transformation of the properties, and their alignment with ESG criteria. Each property should be assessed according to these criteria and suit-

able measures should be derived from this. We have the experience and the tools to implement this together and in close dialog with the owners of the properties.

Let's start with the tenant mix. Are there still enough retailers who rent stationary stores?

There are, and many of them want to move into our centers with their professional management and flexible space. Successful textile retailers such as ZARA have almost doubled their average space per store in recent years and are looking for large, well-designed spaces that are easy to play with. They have found what they are looking for in our centers. But other sectors such as opticians, furniture suppliers, and wellness and beauty concepts are also expanding. Strategically, however, our leasing activities have long since extended beyond the traditional retail business. We are also targeting concepts in areas such as entertainment and health, and are considering establishing complementary services such as medical centers, day care centers, hotels, and apartments – in the cen-

“IT IS CRUCIAL THAT WE CONSISTENTLY DEVELOP THE SHOPPING CENTERS RIGHT NOW AND STRATEGICALLY POSITION THEM FOR THE FUTURE WITH TAILORED INVESTMENTS.”

JOANNA FISHER,
CEO, ECE MARKETPLACES

ters or in the immediate vicinity. In this way, we not only broaden the base of potential tenants, but also create additional visitor incentives and thus strengthen the locations as a whole.

Nevertheless, online retail continues to gain market share. How can the digital transformation of the centers succeed?

Fortunately, the business of online retailers has actually developed less strongly recently. Above all, however, brick-and-mortar retail has something very decisive and unique to offer as a counterweight to this business model: social interaction and a genuine shopping experience. This is a strength that we must focus on in the stationary retail business. At the same time, of course, we must continue to drive the digital transformation of the centers and their expansion into omnichannel platforms. >





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“SOCIAL INTERACTION AND A GENUINE SHOPPING EXPERIENCE. THIS IS A STRENGTH THAT WE MUST FOCUS ON IN THE STATIONARY RETAIL BUSINESS.”

We see ourselves as a partner and enabler for retailers, offering them appropriate tools for cross-channel networking with our Digital Mall and our Connected Commerce concepts. The aim is to offer customers the product they want, when and where they want it – including pickup or delivery from the center, as required.

Which brings us to the next point, the focus on the customer – not really a completely new concept, after all?

This isn't actually a new idea; it has always been the basis for the approach to and design of our centers. But here, too, more intensive use of digital channels offers entirely new

opportunities for targeted personalized marketing and a direct customer approach. This data-driven marketing also pays off in the digital transformation of real estate.

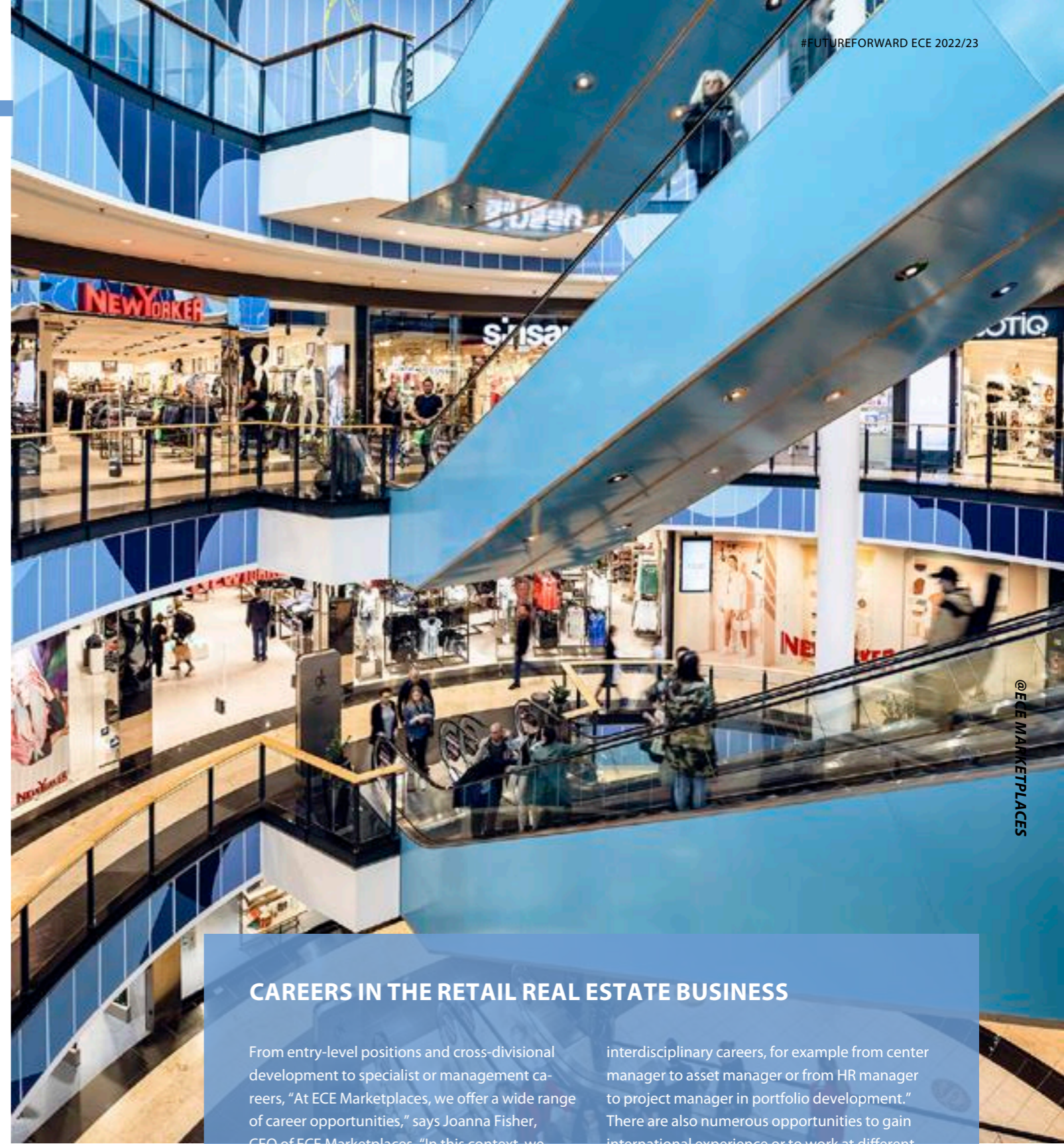
Last but not least and highly topical is the question of how shopping centers can be revamped in terms of sustainability.

This is a crucial question that is already highly relevant under the heading of ESG and will become even more important in the future. Increasingly, the market is demanding that companies and their assets be aligned with ESG criteria. They must be met in order for the property to retain its value. So here, too, properties need to be further developed into sustainable, climate-neu-

tral properties. We have set ourselves clear targets for our portfolio and initiated numerous measures to achieve them together with the property owners. This starts with short-term energy-saving measures and extends to a tailored energy renovation roadmap to make the properties climate-neutral in the long term. It is now becoming clear that this, too, is an investment in the future of the assets.

The right tools and strategies to make shopping centers fit for the future are therefore available. Nevertheless, they continue to be viewed with skepticism on the market ...

In fact, the entire retail real estate asset class is still viewed rather critically. On the one hand, this is due to the logic of the capital markets, whose reaction is often exaggerated – in both directions. In the case of shopping centers, the current challenges posed by structural change, which has been exacerbated by Covid, have led to a rather undifferentiated view of the entire asset class. However, there is a very clear difference between strong, well-managed, well-positioned properties that are continuously adapted strategically – and those where this is not the case. The future lies precisely with those locations that succeed in continuous transformation through systematic further development and active investment. //



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CAREERS IN THE RETAIL REAL ESTATE BUSINESS

From entry-level positions and cross-divisional development to specialist or management careers, “At ECE Marketplaces, we offer a wide range of career opportunities,” says Joanna Fisher, CEO of ECE Marketplaces. “In this context, we are particularly concerned with providing young talents with a sustainable entry into professional life.” This is possible, for example, via the trainee program to become a center manager or with the new, cross-divisional trainee program “Real Estate Management.” The broad spectrum of tasks covering the entire real estate sector offers plenty of variety and career opportunities: “We promote

interdisciplinary careers, for example from center manager to asset manager or from HR manager to project manager in portfolio development.” There are also numerous opportunities to gain international experience or to work at different locations. “In this context, we see careers as both horizontal and vertical personal and professional development: our employees are networked and build up interdisciplinary knowledge, and they are also experts in their field and consider the big picture to find the best solutions to current challenges – and always in close partnership with our tenants and investors.”

TURNING CHALLENGES INTO OPPORTUNITIES

Transformation in the retail business requires detailed analyses, long-term strategies, and professional management.

Gone are the days when the further development of shopping centers often consisted of making them a little bigger and adapting them to the architectural zeitgeist. Today, completely new strategies are required to maintain and further increase the value of retail properties that often enjoy prime locations. "Successful further development requires knowledge of the investor's goals and wishes, as well as the property, and the continuous development of ideas that fit perfectly," says Willem Steffen, Director Asset Management at ECE Marketplaces. As the interface to national and international investor partners, Steffen works out the asset strategy of the individual properties and is

responsible for its implementation. He and his experienced team of experts approach this task systematically: which megatrends influence the individual shopping centers? What are the respective strengths and weaknesses of the location? What are the strategic goals of the investors? And what challenges will the respective property face due to legal requirements (ESG)?

If this requires a comprehensive conversion or redesign of the property, the development team of Marcus Janko, Director Portfolio Management at ECE Marketplaces, and the creative design team of chief architect Marc Blum are brought in. The trained international and interdisciplinary specialists turn challenges into opportunities. In essence, this involves the further development of the centers as complex retail properties – from innovative retail concepts to modern food and entertainment areas to sports and wellness or healthcare and coworking. But this also includes the further development of the locations as a whole: with residential towers on the parking lot to a hotel on the parking level – depending on the location, very individual solutions can be found. Which can sometimes include dividing a former department store into a food market and other large-scale store concepts. >

- Willem Steffen (Director Asset Management, ECE Marketplaces) und Marcus Janko (Director Portfolio Management, ECE Marketplaces)

DESPITE COVID: MANY NEW CONTRACTS AND LOW FALL IN RENT

In 2021, ECE Marketplaces signed more leases than it has done in a long time: a total of 2,800 contracts were signed for 736,000 m² of leasable space – in 2019, this was still more than 100,000 m² less. And despite the loss of sales due to Covid, rents have also only gone down slightly: the average rent for new deals in the ECE portfolio is eight percent below 2019 levels, with the decline in Germany being somewhat greater than in other countries due to the long lockdown.

- Visitor magnet: at Frankfurt's MyZeil, the transformation of the center's fourth floor into "Foodtopia" is setting new standards.

"SUCCESSFUL FURTHER DEVELOPMENT REQUIRES KNOWLEDGE OF THE INVESTOR'S GOALS AND WISHES, AS WELL AS THE PROPERTY, AND THE CONTINUOUS DEVELOPMENT OF IDEAS THAT FIT PERFECTLY AND INCORPORATE NEW REQUIREMENTS AND TRENDS."

WILLEM STEFFEN, DIRECTOR ASSET MANAGEMENT, ECE MARKETPLACES



85%

OF RESPONDENTS APPRECIATE BEING ABLE TO SHOP IN-STORE AGAIN WITHOUT WORRIES.*

* Representative online survey from 3-16 June 2022 with 5,578 respondents.



- *Potsdamer Platz Berlin: together with Brookfield Properties, ECE is creating a captivating world of experience with international high-street flair in the heart of the capital.*



Janko's team is currently managing more than 40 such projects. In addition, he is responsible for the acquisition and integration of new management mandates. ECE sees considerable growth potential here in a consolidating market that has become significantly more demanding.

**GOVERNANCE AND TRANSPARENCY:
A DUTY RATHER THAN A VOLUNTARY MEASURE**

Asset manager Willem Steffen knows that the expectations of international investors go even further: "Good center management and successful leasing alone are no longer enough. Quite rightly, there is also a demand for governance to meet international standards. This includes money laundering prevention and compliance with international sanctions lists, as well as IT security and business continuity management. In addition, significantly more transparency and fast and visible provision of up-to-date data from financials to ESG are expected." To achieve this, it is important in asset management

to implement the specific requirements of each investor's asset strategy. "We want to be the clear market leader in this area as well, which is why we are investing heavily in people, processes, and systems. During the Covid crisis, our customers have already benefited significantly from this." Seamless and up-to-date reporting is one of the essential elements for this. For example, during the crisis, SAP and Microsoft Power BI made it possible to provide analyses of store closures, outstanding accounts, and other essential information at very short notice. In future, this should also be possible in normal times. For this purpose, ECE Marketplaces is working on an investor portal in which essential information is to be made available in real time and 24/7 in the medium term. //

70%

DISCOVER THE LATEST TRENDS
IN THE SHOPPING CENTER.*

- *The Cano in Singen is one of the latest shopping center development projects by ECE Marketplaces and attracts visitors from the Lake Constance region and neighboring Switzerland.*



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MARC BLUM

Marc Blum studied in Düsseldorf, Kyoto, and Los Angeles and worked for many years in positions of responsibility for the Jerde Partnership in Los Angeles, Asia, Europe, and the MENA region. Jerde is considered a pioneer in placemaking. Blum has been director of creative design at ECE since 2012.



"RETAIL, SERVICES, AND CATERING REMAIN THE DRIVING FORCES IN THE FURTHER DEVELOPMENT OF EXISTING PROPERTIES. THE ART IS IN FINDING THE RIGHT MIX OF SUITABLE COMPONENTS FOR EACH LOCATION."

MARCUS JANKO, DIRECTOR PORTFOLIO MANAGEMENT,
ECE MARKETPLACES

VIBRANT PLACES FOR PEOPLE



“OTHER SECTORS ALSO BENEFIT IF RETAIL LOCATIONS ARE VISITED FOR MORE THAN JUST SHOPPING.”

STEFFEN ERIC FRIEDLEIN,
MANAGING DIRECTOR LEASING
SERVICES, ECE MARKETPLACES



● Steffen Eric Friedlein, Managing Director Leasing Services, ECE Marketplaces

VISITOR FREQUENCY
END OF MAY 2022

+ 2%

FOR THE FIRST TIME COMPARED
TO MAY 2019

Mr. Friedlein, one topic area that ECE Marketplaces has focused on in the leasing sector is Retail+.

Why and what is behind this?

Steffen Eric Friedlein: For us, Retail+ is a collective term for everything that goes beyond classic retail: from catering and entertainment offerings to medical services and public facilities. For a long time, our main focus was on traditional brick-and-mortar retail, and this remains the core element of our properties – but we have noticed that in suitable locations, it can be enriching for the sector mix to also consider sectors that may not have had such an affinity with shopping centers in the past – for example,

from the edutainment or municipal services segments. A few years ago, we began strategically expanding the food and beverage outlets in our centers, and this has led to entertainment offerings and even the establishment of medical services in our centers. Many service facilities are now also looking specifically for locations where people like to spend a lot of time – such as shopping centers. For all these reasons, we see enormous potential in Retail+ and are working intensively on the subject. At the same time, other sectors also benefit if retail locations are visited for more than just shopping, thus generating an additional increase in footfall. So, it’s not just a question of filling space in the center, but of creating additional incentives to visit and showing customers that they can take advantage of a wide range of other offers. >



4 million

VISITORS TO ECE SHOPPING
CENTERS ON AVERAGE PER MONTH



Which other retail and non-retail sectors do you consider to be particularly promising for the future?

During the lockdown period, for example, we saw that the more varied the range of food on offer, the more stable the footfall in the centers, and that customers now expect to be able to do all their shopping, including basic supplies, in almost any type of property – whether in a city center or on the outskirts. As a shopping center operator, we are at the forefront here – thanks to the fact that we recognized this

2,800

CONCLUDED RENTAL CONTRACTS 2021

development at an early stage and invested in the expansion of our local supply competence even before Covid. Technology providers, the healthcare sector, and large-scale textile operators have also come through the crisis comparatively well and have further developed their concepts and service offerings.

How do you and your team manage to win new concepts for the shopping centers of ECE Marketplaces even in challenging times?

By always keeping tabs on the market. After the challenging Covid period and the related negotiations, some of which are still keeping us busy today, we are looking ahead and are proud of the fact that, despite the strength, energy, and capacities that the pandemic cost us, we have also been able to secure a very large number of new contracts and win completely new tenant partners. We are currently seeing from our existing tenants that many of them are also looking to expand again. Thanks to our new structure, which is geared to sectors and regions, we can respond very well to these wishes. Our CRM system, which we introduced in parallel, gives us a very good overview of vacancies and suitable space that we can then offer.

You restructured your Leasing Services unit at the beginning of the year. Why?

The market is changing rapidly – and we want to keep pace with it, so we gave ourselves a new structure at the beginning of the year. With the associated implementation of leasing experts by industry and region, we are even better attuned to the market and to serving our investor and tenant customers than we were before. Through our newly created Client Management pillar, we now also have a direct interface with our investors within leasing with regard to leasing issues, thus ensuring an even closer exchange and direct support. //



“WITH THE IMPLEMENTATION OF LEASING EXPERTS BY INDUSTRY AND REGION, WE ARE EVEN BETTER ATTUNED TO THE MARKET AND TO SERVING OUR INVESTOR AND TENANT CUSTOMERS THAN WE WERE BEFORE.”

@ECE MARKETPLACES



736,000 m²

NEWLY RENTED



RETAIL REAL ESTATE IN TRANSITION

G3 and Rosengårdcentret are perfect examples of how extensive refurbishments or repositioning create entirely new worlds of experience that go far beyond shopping. ECE Marketplaces demands nothing less than this.



30 million €

INVESTMENT VOLUME FOR IMPROVING THE QUALITY OF A VISIT TO THE CENTER IN 2022/23



ROSENGÅRD CENTRET ODENSE: DENMARK'S BEST MARKETPLACE GETS EVEN BETTER



- Secondhand eyeglass frames: the Synsam Recycling Store is one of a number of concepts with a strong sustainable profile that opened at Rosengårdcentret in 2022.

32

NEW TENANCY AGREEMENTS IN ROSENGÅRD CENTRET IN 2021/22

“WE ARE DENMARK’S BEST MARKETPLACE. AND THAT MEANS WE HAVE TO OFFER OUR GUESTS THE BEST OF THE BEST.”

CASPER BACH ANDERSEN, CENTER MANAGER ROSENGÅRD CENTRET



Before Denmark’s Rosengårdcentret opened its doors in 1971, a farm called Rosengården stood in its place. With the strategic goal of leading the center into an inspiring yet greener, more climate-friendly future, Rosengårdcentret is now gradually returning to its green roots. In doing so, ESG is being lived at all levels: in center operations, in the accessibility of the center through the recent direct connection to public transport, and in customer loyalty through a new loyalty app that has already been downloaded 30,000 times.

There is also a particularly strong focus on acquiring special store and food concepts that will add sustainable impetus to the mall and the recently remodeled Food Avenue. “We are Denmark’s best marketplace – which is why we want to offer our customers the best of the best: both in terms of entertainment and establishing ourselves as a location for stores with a strong, sustainable profile,” explains Center Manager Casper Bach Andersen. Leasing managers Tim Grunnet Griggs and Thomas Mølgaard have ensured the latter, bringing the center 21 new leases in 2021 and a further eleven in the current calendar year 2022. >





First Otto Showroom in Austria.



"THE FOCUS OF OUR LEASING ACTIVITIES IS ON CONCEPTS THAT ARE AN OPTIMAL FIT FOR THE RESPECTIVE LOCATION AND PAY OFF ON A BALANCED MIX OF NEW-INNOVATIVE AND LOCAL-REGIONAL TENANTS."

BERNADETTE ATZINGER, HEAD OF REGIONAL TENANT MANAGEMENT AUSTRIA

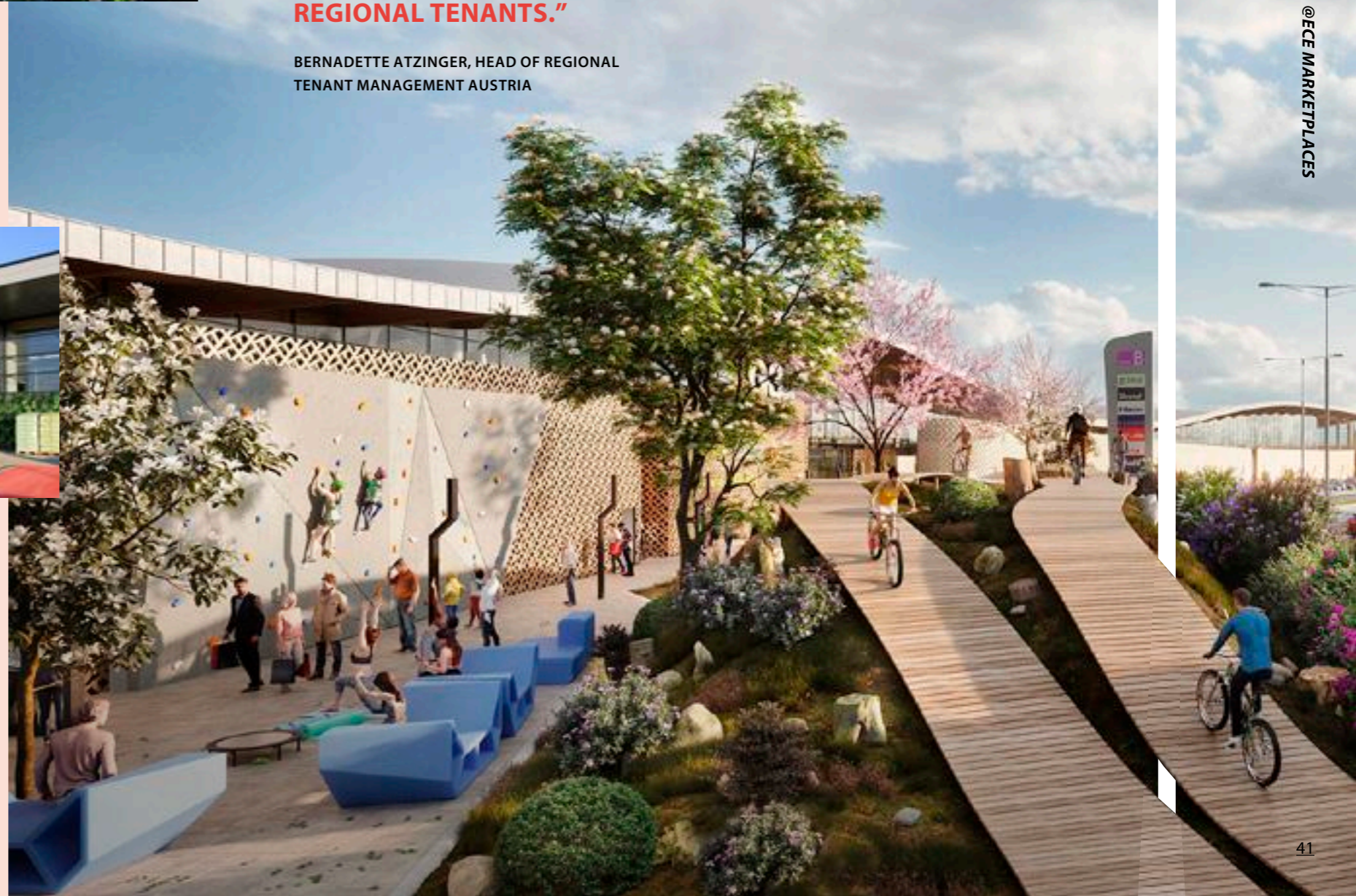
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G3 SHOPPING RESORT GERASDORF: A COMPLETELY NEW PLACE WITH MANY DIMENSIONS

The G3 Shopping Resort on the outskirts of Vienna is reinventing itself – inside and out. In the center with over 130 stores, exciting entertainment will meet sporty outdoor experiences and sustainable regional concepts in the future. With the arrival of the Dehner garden center and Austria's first OTTO showroom, which displays the entire range of OTTO products in the mall with seasonally changing focal points, the first milestones have been reached on the way to creating an extraordinary world that combines an indoor and outdoor experience. In addition, a unique focus on sports, outdoor, and adventure will provide an additional USP in the more than 8,000 m² outdoor area. With a pump track, skate park, climbing wall, bicycle test tracks, ball sports field, shoe trail, and children's area, the concepts and products will be brought to life – retail to touch and participate in.



The rental team, led by Bernadette Atzinger and Tobias Spörk, has already been able to attract a number of high-caliber guests for this unique venture. "The focus of our leasing activities is on concepts that are ideally suited to the respective location and pay into a balanced tenant mix of 'new and innovative' and 'local/regional,'" says Bernadette Atzinger, Head of Regional Tenant Management Austria.. //



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DIGITAL TRANSFORMATION

The use of digital channels has developed and changed rapidly in shopping. The growth of e-commerce, but also the increase of Click & Collect, shows that customers are acting and thinking in an increasingly hybrid way. In the future, ECE wants to accompany consumers inside and outside the centers more individually and interact with them in a personalized way.

The fact is: marketing instruments and measures must be used even more specifically with the target groups so that the right messages are sent to the right customers at the right time. With the ECE marketing ecosystem, the company is working in collaboration with IBM on the rapid and comprehensive digitization of center marketing. The goal is to maximize visitor frequency, increase share of wallet, and maximize revenue for retailers. As a key to success, ECE relies on data-driven decision-making and identifiable customers: in the future, these can be individually selected and addressed in a personalized manner. This will make it possible to draw conclusions about customer behavior and optimization potential, as well as to reward customer loyalty to a greater extent than before.

INTERDISCIPLINARY COOPERATION

For the best possible implementation of such a comprehensive and sustainable digitization project, the existing separation between ECE specialist departments and all external partners has been softened. As a result, a team of five internal ECE Marketplaces departments now works with external support from IBM and other external partners on a shared space and within an agile project organization. >



CONVENIENCE SERVICES

Center services are digitally enhanced to simplify access to services such as directions, appointment reservations, event registrations, or parking ticket management. The resulting increase in customer satisfaction can make all the difference compared to traditional online shopping.

E-COMMERCE

Local product availability at our stores is digitized. In the digital marketplace, customers can reserve products from the shopping center, buy them and have them delivered to their door, experience the variety of products in the ECE centers digitally, follow their favorite store, or simply prepare their next visit to the center digitally.

LOYALTY PROGRAM

Returning customers should be rewarded for their loyalty. When it comes to customer decision-making, a loyalty program can make a real difference.

WE ♥ SHOPPERS

DATA AGILITY PLATFORM

The growing treasure trove of data from the company's own and external data sources enables past measures to be analyzed; algorithms customary in the market and artificial intelligence offer real-time optimization and long-term forecasts across all modules.

DATA-DRIVEN MARKETING

Whether on the website, in the mobile app, in the newsletter, on social networks, or simply while surfing – end customers should be provided with relevant and interesting content on an individual basis. For this purpose, marketing production is centralized and automated and played out based on the customer data collected.



“We put the consumer at the center of our work in order to play out suitable products and services for them and thus continuously improve their customer satisfaction.”

MICHAEL TRIEBOLD,
DIRECTOR DIGITAL BUSINESS, MARKETING &
RESEARCH, ECE MARKETPLACES



- Customers in focus: Juliana Schmidt and Michael Triebold at the Alstertal shopping center in Hamburg.

“Using an overarching and flexible system landscape, we get to know our customers and collect and interpret data to play out content in an automated and personalized way.”

JULIANA SCHMIDT,
HEAD OF DEPARTMENT CONSUMER
TECHNOLOGY, ECE GROUP SERVICES



OVER

30 million

VISITORS ON THE
CENTER'S DIGITAL
PLATFORMS

@ECE MARKETPLACES

@ECE MARKETPLACES

4 million

CUSTOMERS PER DAY
PROVIDE COMPREHENSIVE
OPPORTUNITIES FOR DIGITAL
PROFILING



WHERE ONLINE MEETS OFFLINE



The future is today: ECE is pushing ahead with the expansion of its shopping centers into digital omnichannel platforms. Stocksquare, the joint venture between ECE and OTTO, combines brick-and-mortar stores and online marketplaces – to the benefit of all parties involved. Marc Opelt, Chairman of the Divisional Board of OTTO, explains how this works.

“STATIONARY RETAILERS GAIN AN ENORMOUS REACH IN ONE FELL SWOOP BY BEING CONNECTED TO ONLINE MARKETPLACES.”

MARC OPELT, CHAIRMAN OF THE OTTO DIVISIONAL BOARD

platform and offer our customers an even wider range of products. The past two years have provided a further boost to online retailing. However, I am convinced that the future of retail is hybrid. We need a link between offline and online business.

How can a stationary retailer sell on otto.de?

The key to this lies in our Stocksquare joint venture. Stocksquare is the link between brick-and-mortar stores and OTTO's marketplace and takes care of switching orders to the stores. Retailers use the tools provided by Stocksquare, fill in the most important information such as EANs, stocks, and prices on a simple user interface, and are connected automatically. Stocksquare provides all necessary product data, as well as images, and supports the connection step by step. The logic behind it: Plug and Play – we want to make it as easy as possible for retailers to use. This also applies to the stores themselves: we provide a front end that colleagues in the stores can use intuitively and with which they can process all orders in just a few steps. Availability is also tracked via Stocksquare.

UP TP

400

ADDITIONAL ORDERS PER DAY

Currently, demand from retail partners on digital marketplaces is “huge,” as you told the media last year. How long will this trend continue? Or was this a one-off effect?

Demand from retail partners is still enormous. Since last year, we have been connecting marketplace partners to OTTO in a completely automated way. This not only saves time, but also makes the connection even easier for new partners and thus even more attractive. Online commerce itself is also continuing to grow. With Connected Commerce, we are also making this increase usable for stationary retailers. //

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@ECE MARKETPLACES

Mr. Opelt, you have been transforming OTTO from an online retailer to a platform for some time now. What role do Connected Commerce and Stocksquare play in this?

Marc Opelt: We think holistically about development into a platform and believe in a connected future. That's why we also incorporate brick-and-mortar retail into our online business and bridge the gap between offline and online retail with Connected Commerce. In other words, we think in hybrid terms here. To implement these requirements, we founded the Stocksquare joint venture with ECE in 2019. Stocksquare creates the actual link between brick-and-mortar stores and the online marketplace – and thus makes the locally available assortment accessible online. Incidentally, this applies not only to otto.de, but also to other marketplaces.

What are the key advantages for all parties involved? Why should retailers rely on online marketplaces in addition to brick-and-mortar retail?

With Connected Commerce, we create advantages for all sides: stationary retailers gain an enormous reach in one fell swoop by being connected to online marketplaces. At OTTO alone, we reach 11.5 million active customers across Germany. This means that retailers can make their products visible to completely new target groups and do not need central e-commerce

logistics to do so; instead, they can ship their goods directly from their stores via ship-from-store. By connecting retailers, customers can find even more products at OTTO and decide for themselves whether to have the goods delivered or to pick them up on the same day at a nearby store. And OTTO also benefits from the concept: by connecting retailers, the selection on our platform continues to grow.

STOCKSQUARE – THE EASY WAY TO CONNECT WITH ONLINE COMMERCE

With the expansion of its centers into omnichannel platforms, ECE is consistently working on the networking of online and stationary retail. Specifically, two approaches are being pursued: on the one hand, the focus is on connecting the stationary assortment of retailers with online marketplaces. On the other hand, it is about the further development of the Digital Mall – a product search on the websites and apps of the ECE centers – into a local marketplace that aims to offer customers a seamless omnichannel shopping experience. Both approaches require an omnichannel connector with a high-performance data platform. This is made possible by Stocksquare, the ECE joint venture with OTTO. Stocksquare



Alexander Will (l.) and Sebastian Baumann are Managing Directors of Stocksquare.

offers stationary retailers the possibility of placing their local assortments on online marketplaces such as OTTO, Limango, About You, the Digital Mall by ECE, and in all likelihood on Amazon soon as well using Plug and Play technology. More than 100 retail partners with over 2,000 connected POS are already using this omnichannel service. At Stocksquare, the focus is always on the retail partner. Our experts keep tabs on the market and understand the challenges facing stationary retailers in particular. One problem for connection is often a lack of necessary product data. But Stocksquare has also developed a scalable solution for this, which enables even retailers without their

own product data to make their product range from the store fit for sale on online marketplaces. But providing an easy-to-use order solution to allow online orders to be processed by the staff in the store without much training effort and the connection to the merchandise management system for inventory reconciliation of online orders with the store stock are also an integral part of the Stocksquare solution. Thus, Stocksquare enables a fast and uncomplicated connection to various marketplaces and the ECE Digital Mall and makes a significant contribution to the digitization of stationary retail.

11.5 million

ACTIVE CUSTOMERS REACHED BY OTTO ACROSS GERMANY VIA CONNECTED COMMERCE



ESG@ ECE MARKETPLACES

Sustainability aspects play an important role in ECE's shopping centers. By 2030, ECE wants to significantly reduce CO₂ emissions in the center sector by 40 percent compared to 2019. By 2045, the centers should be climate-neutral. Numerous measures will help to achieve these goals.

In order to reduce CO₂ emissions, ECE has been using green electricity in its centers for ten years and district heating in three-quarters of all German centers. The conversion of centers still supplied with gas is also being strategically pursued. Modern LED lighting concepts, daylight-friendly architecture, sensor-controlled ventilation concepts, photovoltaic systems, and passive concrete cooling also ensure energy-efficient operation.

SUSTAINABLE OPERATION WITH TANGIBLE EFFECTS

Center operation also stands out with the lowest possible environmental impact. This is achieved through regular exchanges with tenants as part of the so-called Sustainability Forge, as well as the introduction of an energy and environmental

management system for the centers, a waste management concept, and the digitization of supply meters for more efficient monitoring. An ESG data management system monitors water consumption and quantitative energy data at the centers.

ACHIEVING CLIMATE TARGETS TOGETHER

With the introduction of Green Lease 2.0, ECE is this year expanding its standards, which encourage tenants to use and landlords to manage the property as sustainably as possible. New: each year, ECE will ask tenants for sustainability indicators and specify the use of LEDs and green electricity. By 2025, 90 percent of the leases must comply with the green lease standard.

SUSTAINABLE MOBILITY IN SIGHT

With intelligent and sustainable mobility concepts for its centers, ECE supports, among other things, the goal of the German government to increase the proportion of electric cars. By 2023, all centers will be equipped with e-charging stations. In addition, the expansion of car- and bike-sharing offers and a well-developed infrastructure for bicycles and e-bikes will be promoted.

SHOPPING WITH A FEEL-GOOD ATMOSPHERE

The ECE centers are not only places for shopping, but also lively marketplaces for social interaction. Lounge areas and children's play areas, senior-friendly offerings, and health facilities in all centers ensure optimal quality of stay and social interaction. Ecologically high standards for the materials used form the basis for the interior design, because the health of center visitors and employees is always in the foreground. >

> 400
E-CHARGING POINTS IN EUROPE

355,000 m²
LESS WATER USED IN 2021 THAN
THE PREVIOUS YEAR

139,500 t
CO₂ SAVINGS THROUGH
GREEN ELECTRICITY

87
GREEN BUILDING
CERTIFICATES DGNB,
BREEAM, OR LEED
(see page 119)

9,000
GREEN LEASES

100 %
GREEN ELECTRICITY IN
GERMAN CENTERS



ESG@ECE MARKETPLACES

ENERGY RENOVATION ROADMAP: THE PATH TO CLIMATE-NEUTRAL RETAIL REAL ESTATE

Everyone is talking about it but hardly anyone knows how to make their real estate truly climate-neutral and what it will cost. For the retail real estate asset class, ECE wanted to know exactly which measures would lead to success and, together with the Dresden University of Applied Sciences, has developed an energy-saving renovation roadmap (ESF) for the Alstertal-Einkaufszentrum (AEZ) in Hamburg. First, a balance limit was defined. Among other things, questions of floor space had to be clarified: do we include tenant consumption in the balancing measures? If so, only electricity or also heat? ECE decided to balance the complete CO₂ emissions for all the energy consumed in the center – because this is the only truly honest approach. Even if the responsibility for the consumption on the leased area lies with the user. ECE's renovation roadmap shows how the gap between asset performance and the necessary target decarbonization can be closed and what the costs are of being climate-neutral by 2045 at the latest.

ROADMAP TO CLIMATE-NEUTRAL RETAIL REAL ESTATE

The first step is to establish the current energy status of the property. The center's results are then mapped in a 3D model and the impact of individual measures on CO₂ emissions is shown. In this way, the most efficient measures can be identified and a long-term plan can be developed that is precisely tailored to the respective asset strategy. Rapid and consistent implementation is thus just as possible as a step-by-step approach depending on the availability of capital and other modifications.

Very important: with the final report of the ESF, the owner knows exactly which measures lead most efficiently to climate-neutrality. >

“WITH A CUSTOMIZED ROADMAP, WE MAKE OUR SHOPPING CENTERS FIT FOR THE MOST EFFICIENT PATH TO CLIMATE-NEUTRALITY.”

TOBIAS PICKERT, DIRECTOR PROJECT MANAGEMENT OFFICE AT ECE GROUP SERVICES

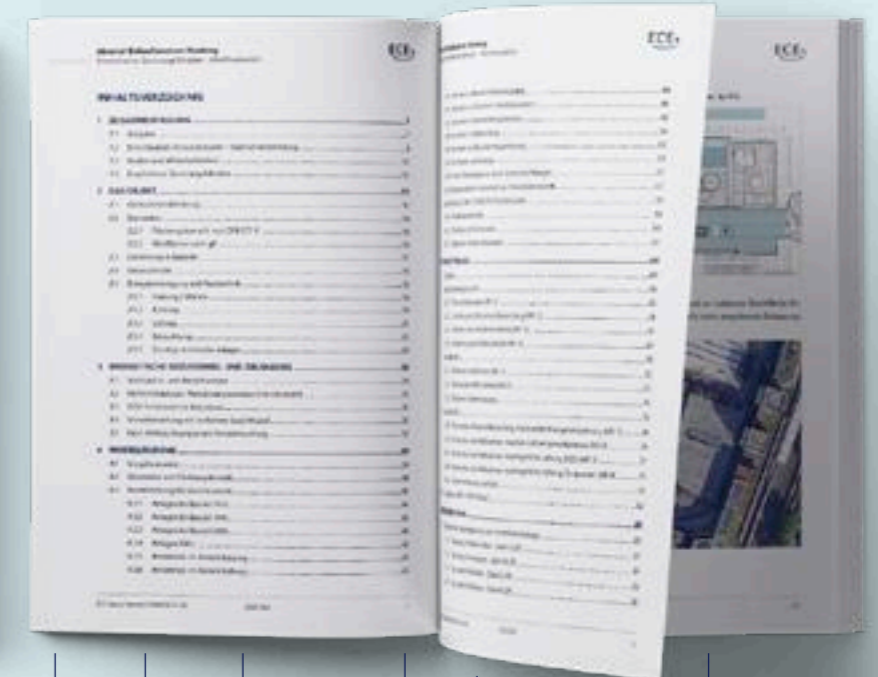
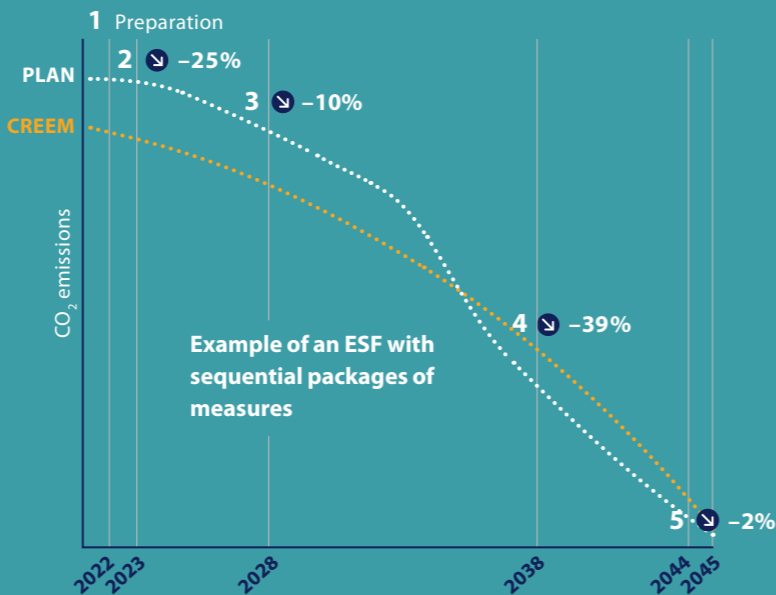


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THE ENERGY REFURBISHMENT ROADMAP AT A GLANCE: BENEFITS FOR INVESTORS AND THE ENVIRONMENT

- > 3D modeling of the current and target energy situation
- > Measures and their impact on tenants' energy and ancillary costs
- > Tailor-made climate protection plan including investment costs with a property-specific timeline
- > Validation of investments for funding opportunities, apportionability, and feasibility
- > Clear roadmap for the gradual achievement of climate neutrality
- > Sustainable safeguarding of value preservation (preventing stranded assets)



Energy status and target analysis

Modeling

Potential savings

360° view

Cost-effectiveness evaluations

Climate protection roadmap including costs

Nonrenewable primary energy and CO₂ emissions

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STRATEGIC ENERGY PURCHASING ENSURES FAVORABLE PRICES

STABLE ANCILLARY COSTS: ECE HAS TAKEN PRECAUTIONS

The prices for electricity and gas are skyrocketing. ECE Marketplaces counters these enormous price increases in energy supply with a proactive purchasing strategy. Thanks to professionalized energy procurement processes and clever purchasing strategies in the field of facility management, ECE is always one decisive step ahead of price developments. The basis for this is an experienced team of experts who keep a constant eye on the energy market. Thus, the facility management experts have established a sophisticated purchasing strategy for electricity and gas. In the case of electricity purchasing, the risk of excessive prices is reduced by so-called tranche procurement, which is usually spread over ten to twelve tranches of a twelve- to 24-month procurement period. Large price fluctuations can thereby be balanced out. ECE pays the resulting average price for each kilowatt-hour from the beginning of the supply year. As a rule, ECE buys the electricity two to three years in advance. The advantage

of this process is obvious: planning security for ancillary costs and transparency for investors and tenant partners thanks to the fixed price. Especially in the current situation, this is an enormously important factor for ECE's stakeholders.

84 PERCENT BELOW THE CURRENT MARKET PRICE

A strategy that pays off: the power supply for 2022 is completely secured at stable prices; the agreed ECE electricity costs for the current year are around 84 percent below the market price. For 2023 and 2024, 75 percent of the electricity volume has already been secured in each case – without the risk of a price increase. The remaining volume for the next two years is currently being purchased on the market. Despite some enormous price increases, ECE will in all likelihood still be approximately 59 percent below the energy price on the market with the final average price.

The situation is similar for the purchase of gas. Although only 20 percent of the ECE centers are supplied with gas, rapidly rising costs represent the biggest challenge here as well. For several years now, Facility Management has also been relying on tranche procurement due to strongly fluctuating gas prices. In view of the dramatic situation on the energy market, this good preparatory work is now bearing fruit, as all gas volumes are covered until 2024. ECE was able to secure an average price of less than 2 cents per kilowatt-hour until 2024, which is up to 86 percent below market price until 2024. >

ENERGY CAMPAIGN SHOULD RAISE SAVING POTENTIALS

Small changes – big effect: in these challenging times, ECE Marketplaces is working intensively to reduce energy consumption in its centers even further. Electricity consumption has already been lowered with numerous measures – e.g. 100 percent green electricity in German centers, the use of LEDs, and modern technical building equipment. But there's more: each center has looked individually at what further savings are possible – e.g. by switching off fountains or turning down the lights. A survey of center visitors revealed a high level of approval. Naturally, all legal requirements for the protection of employees and visitors are complied with during implementation. And so that customers also know why it is now perhaps a little darker in the centers, the initiative is accompanied by an information campaign – featuring tips on how center visitors can also save at home.



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ECE GAS AND ELECTRICITY PROCUREMENT

Percentage savings in relation to the market price

GAS PURCHASES

UP TO
↘ **86%**
BELOW MARKET PRICE
2022–2024

ELECTRICITY PURCHASES

↘ **84%**
BELOW MARKET PRICE
2022

↘ **59%***
BELOW MARKET PRICE
2023/24

* For 2023 and 2024, 75% of the electricity demand has been purchased to date. Therefore, the cost of the remaining 25% is estimated very conservatively. A more positive result is expected.

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50 × ELECTRICITY FROM ABOVE – ECE’S PHOTOVOLTAIC STRATEGY

Climate protection and reduction of ancillary costs in one: ECE is launching a large-scale initiative to systematically expand solar energy systems on the roofs of the shopping centers it operates. The implementation will take place over the short term; by 2024, photovoltaic systems are to be installed on around 50 ECE centers during the first step.

**100% RENEWABLE ENERGY AND
100% FREE DISTRIBUTION TO ECE TENANTS**

The aim: to protect the climate and the environment by generating emission-free electricity – and at the same time to reduce ancillary costs for tenants in the centers: it is estimated that this will save a total of 16 million kWh of energy per year that would otherwise have to be produced and purchased elsewhere. This corresponds to a reduction of around 7,500 metric tons of CO₂ – per year. The electricity generated from solar energy will be fed directly into the centers’ power grid, supplying the common areas with solar power. Tenants will thus benefit directly from the savings in ancillary costs – a total of around 3 million euros. The costs for the installation, totaling around 30 million euros, are borne by the owners of the centers.

FORWARD-LOOKING PLANNING

Quick implementation is also possible now because ECE has been dealing with the feasibility of PV systems on center roofs for many years: more than a decade ago, ECE included the topic of photovoltaics in its strategy for new developments. For a long time, legal regulations prevented a comprehensive expansion, but in recent months, the wind has changed in Berlin. The altered framework conditions now enable ECE to

• Ø 20 Cent

SAVINGS IN ANCILLARY COSTS PER M² PER MONTH

integrate PV systems into the existing portfolio on a large scale. First of all, it must be clarified for each individual location whether and under which general conditions photovoltaic systems can be installed on the roofs and what degree of solar radiation can be expected. Bearing loads, shading, structural installations on the roofs, and much more must be taken into account here. >

“WE WANT TO MAKE A CONTRIBUTION TO CLIMATE PROTECTION AND AT THE SAME TIME SHIELD OUR TENANTS FROM HIGH ANCILLARY COSTS.”

ULRICH SCHMITZ,
DIRECTOR CENTER MANAGEMENT,
ECE MARKETPLACES

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Ulrich Schmitz

Tobias Pickert

• 16 million kWh

SAVINGS PER YEAR

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SOCIAL IMPACT – SHOPPING CENTERS BEAR RESPONSIBILITY

Covid pandemic, Ukraine war, social and environmental uncertainties: the political and social challenges are becoming more diverse. With its shopping centers, ECE is assuming responsibility, supporting a variety of social and regional offers, and, in so doing, reaching lots of people.

ACCESSIBILITY – SHOPPING FOR SOCIETY AS A WHOLE

Thanks to the idea of inclusiveness, ECE enables community shopping or an accessible restaurant visit for society as a whole. The ECE concept includes, among other things, tactile direction systems for the visually impaired, tactile elements on handrails along the main customer staircase, 3D direction systems that can be accessed by wheelchairs, wheelchair-accessible customer information, and accessible elevators.

LIVING INSTEAD OF LOCKDOWN

As a founding member of the “Leben statt Lockdown” (living instead of lockdown) initiative in the retail real estate sector, ECE is committed to ensuring open and safe retail. As part of this, it created mobile vaccination hubs and permanent vaccination centers in its national and international shopping centers so that as many people as possible could be vaccinated against Covid without administrative hassle or appointments. Since then, more than one million vaccine doses have been administered in a very straightforward way.



A MEETING PLACE FOR ALL

The shopping centers from ECE Marketplaces in particular have been making an important social contribution for years. Thus, the centers are an important driver for lively city centers. The ECE team on-site takes care of the real estate and is in close contact with the city and city management. The centers actively and financially participate in campaigns and offer space for diverse presentations by local associations. In addition, ECE not only brings exciting new retail concepts to the city, but in many cases also creates space in the center for kindergartens, book halls, offices, or medical practices – always accessible without barriers.

• **1 million**
COVID VACCINATIONS PROVIDED

WALK & GIVE – RUNNING FOR A GOOD CAUSE

ECE supports the Walk & Give campaign, in which at least 5,000 runners in Germany are expected to raise more than two million euros in donations within one year. Every step is converted into a donation that benefits social and sports projects for children and young people. During LAUF BAND ON TOUR, the ECE centers become event locations and thus attract a lot of attention in a short time.



• **> 2 million €**
DONATED WITHIN A YEAR VIA THE “WALK & GIVE” CAMPAIGN

“Every Lid Counts!”
ECE Türkiye supports Spinal Cord Paralysis Association. ●



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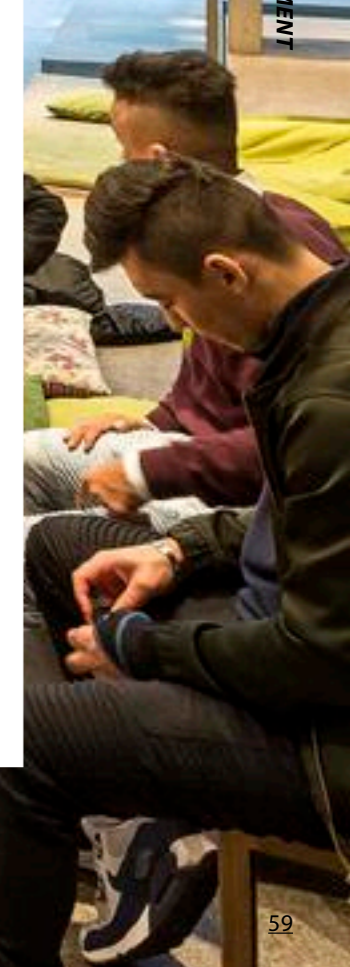
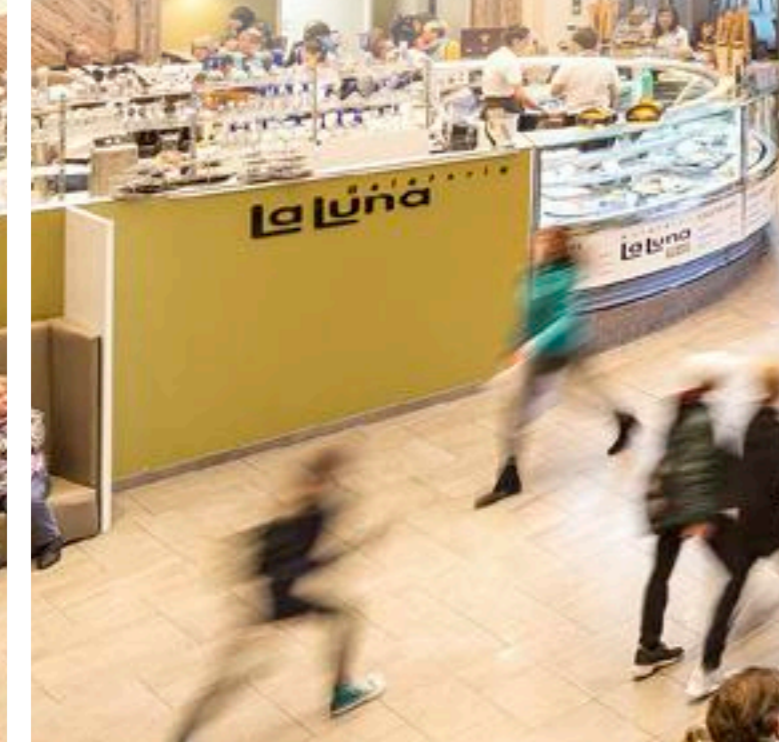
INVESTMENT MANAGEMENT

LEVERAGING POTENTIAL

In the jigsaw puzzle of the city of tomorrow, it is important to find the right pieces and put them together correctly. For investors, ECE's funds, with their innovative and sustainable concepts, offer excellent opportunities for the future – for example, in shopping centers, hotels, or residential properties.

INVESTMENT MANAGEMENT

INVESTMENT MANAGEMENT



ECE REAL ESTATE PARTNERS

BEST OPPORTUNITIES FOR THE FUTURE

@INVESTMENT MANAGEMENT



ECE REAL ESTATE PARTNERS

ECE Real Estate Partners is licensed as an alternative investment fund manager (AIFM) and for over ten years has been successfully investing funds in shopping centers with a strong market position and value enhancement potential on behalf of leading international institutional investors such as insurance companies, sovereign wealth funds, and pension funds. A new addition is a freshly launched hotel fund. With a managed portfolio of more than five billion euros, ECE Real Estate Partners is Europe's leading institutional fund management company specializing in shopping centers. As part of the ECE Group, ECE Real Estate Partners can draw on the Group's extensive network and comprehensive retail and hotel expertise.



A safe haven, even in stormy times: for more than ten years, leading institutional investors have been successfully investing with the Otto family in the funds of ECE Real Estate Partners (ECE REP). As a holistic, broad-based investment manager, ECE REP focuses on shopping and hotel properties with appreciation potential.

Shopping centers remain an attractive asset class with a future for investors. For example, the Haid-Center in Linz has just been sold to institutional investors for 130 million euros as planned at the end of the term of the ECE European Prime Shopping Center Fund I, which was launched in 2011. "With this transaction, we have been able to completely fulfill the strategic objective of our first shopping center fund: to generate stable returns for the investors and to realize a significant increase in the value of the properties upon sale – and we've done so in the currently challenging market environment," says Dr. Volker Kraft, Managing Partner of ECE REP. The transaction also shows "that stable, well-positioned shopping centers such as the Haid-Center continue to be highly attractive for long-term-oriented investors."

With a portfolio of 24 centers in prime locations in seven European countries, the company fared well in the coronavirus pandemic thanks to its clear strategy, explains Markus Schmitt-Habersack, Co-Managing Partner of ECE REP. It is true that the pandemic hit the retail sector hard in a phase of structural change. Nevertheless, ECE REP's portfolio has proven to be very robust.

"The demand for good locations remains high. In difficult times, there is always a flight to quality. We're greatly profiting from that with our portfolio," says Schmitt-Habersack.

Even before the coronavirus crisis, the retail sector and so also the market for retail real estate had already been undergoing structural change for some time, adds Kraft. The main triggers: digitalization, changing consumer behavior, the concentration process in retail, and demographic change. He adds that the pandemic has further accelerated digitalization and changes in consumer behavior, even if COVID's impact on retail real estate is manageable over a longer period of time. Kraft: "We see a strong polarization of retail locations. Strong centers are getting stronger, weak ones weaker." However, the capital market is currently treating all locations equally with a certain degree of skepticism. "That means it's now a very attractive time for market experts to buy the winners of this polarization process at favorable prices." >

@INVESTMENT MANAGEMENT

"WE WERE ONE OF THE FIRST COMPANIES IN THE REAL ESTATE SECTOR TO ADDRESS ESG ISSUES."

DR. VOLKER KRAFT,
MANAGING PARTNER,
ECE REAL ESTATE PARTNERS





5 billion

EURO MARKET VALUE
INCLUDES THE PORTFOLIO

7

EUROPEAN
COUNTRIES

24

CENTERS IN PRIME
LOCATIONS

600 million

INVESTMENT VOLUME FOR
EIGHT TO TEN HOTELS

@INVESTMENT MANAGEMENT

After all, brick-and-mortar retail and thus retail real estate continue to have a future: "Shopping centers in particular have very good answers to structural change and its key drivers, digitalization and changing consumer demand, because they can continuously track change and adapt to it again and again thanks to their flexibility and adaptability."

Seize opportunities in a crisis: ECE REP's investment specialists have taken this principle to heart with their latest acquisition. For their first hotel fund, they have landed a top-class initial property in the form of the Bonvecchiati building complex in the historic center

of Venice. The property is located just 150 meters from St. Mark's Square. The Rialto Bridge is only a few minutes' walk away. The property comprises two hotels, a residential building, and additional retail space. It was acquired together with joint venture partners Soravia and Denkmaltreu.

"We are now in the process of raising investor money for our new hotel fund," Kraft says. In total, the ECE European Lodging Recovery Fund is to invest in eight to ten hotels with a combined volume of around 600 million euros. The Otto family, which has been investing in hotels for more than ten years through its family office and has held a 25 percent stake in the Ruby hotel chain since 2019, is also involved. "Development expertise, investment track record, and access to operator expertise: these are the building blocks with which we now want to extend our successful investment history in the shopping center sector into the hotel segment too," Kraft explains.

For the property in Venice, the plan is to structurally connect the two adjacent hotels. This will result in a hotel with almost 200 rooms, explains Ascan Kókai, Head of Hotels at ECE REP. This is particularly attractive for international operators, as there are hardly any possibilities

**"OUR PORTFOLIO OF 24 CENTERS
IN PRIME LOCATIONS HAS PROVED
VERY ROBUST IN THE PANDEMIC."**

MARKUS SCHMITT-HABERSACK,
MANAGING PARTNER,
ECE REAL ESTATE PARTNERS



for a hotel of this size in Venice with its rather small-scale structure. An ideal location for brands from the high-end lifestyle segment.

"With the expertise and know-how of our group, we want to optimize and improve existing properties," explains Kraft. "With Venice, we have of course set the bar very high, but we still have a lot in the pipeline." The focus is on growing cities in Europe – and selectively also "on vacation destinations within striking distance of metropolitan regions."

An important differentiator that sets ECE REP apart in a positive way is the issue of sustainability. "ESG will guide the capital flows of the future quite significantly," Kraft is convinced. In this area, ECE is also very well positioned and is leading the way in meeting investors' requirements, he adds. "We were one of the first companies in the real estate sector to address ESG issues," says Kraft. He believes this now opens up the best opportunities for the future. //



BUILD-IN IN INFLATION PROTECTION

No loss of value due to rising inflation: while the high rate of inflation is a real challenge for citizens and consumers, shopping centers as an asset class are doubly protected against inflation – firstly through index rents linked to the inflation rate and secondly through turnover rents. Rising prices also ensure rising sales and thus rising rents. The assets therefore remain stable in value despite high inflation. In the medium term, shopping centers can also benefit from changes in consumers' spending and leisure behavior: instead of making large investments, they prefer to spend their money on smaller things and experiences in an inflationary environment.

@INVESTMENT MANAGEMENT

ECE LIVING

STRATEGIC PARTNER FOR RESIDENTIAL INVESTMENTS

The sharing economy – the joint use of living, working, and leisure space – is a sustainable trend that is also becoming increasingly important in the residential sector and calls for corresponding real estate solutions. These are precisely the focus of the investments of ECE Living, the strategic partner for residential investments by national and international institutional investors.

@INVESTMENT MANAGEMENT



10,000 m²

APARTMENT COMPLEX IN THE CENTER OF COPENHAGEN

- *Jan-Hendrik Walloch (l.) and Henrie W. Kötter.*

“BUILD-TO-RENT CREATES A SUSTAINABLE RESIDENTIAL INVESTMENT WITH A CONCEPT THAT IS WELL THOUGHT OUT AND EFFICIENTLY GEARED TO TENANT NEEDS, ENABLING US TO CLEARLY POSITION OURSELVES ON THE MARKET.”

JAN-HENDRIK WALLOCH,
MANAGING PARTNER, ECE LIVING



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BUILD-TO-RENT: SUSTAINABLE RESIDENTIAL INVESTMENTS

ECE Living focuses in particular on newly built residential quarters in attractive locations in major European cities. The focus is on modern rental apartments tailored primarily to the target group of young urban professionals, with customized amenities and attractive common areas, efficient floor plans, and ESG-oriented, sustainable architecture and construction. In an urban, well-connected location, build-to-rent combines a home of one's own with numerous amenities such as a fitness center, coworking area, private dining, and a residents' lounge.

- *Apartment complex, part of the neighborhood development project Bryggens Bastion in Copenhagen.*

The sophisticated leasing concept and the specific focus on the dynamic demand market of young urban professionals provide ECE Living projects with an attractive market position in one of the most established asset classes: residential. The combination of ECE's global development expertise and extensive experience in investment management, coupled with the expertise of local partners, results in attractive and sustainable investments. >

ECE LIVING

COPENHAGEN: STRONG NEW ADDITION TO THE PORTFOLIO



18,500

YOUNG PROFESSIONALS
IN THE CATCHMENT AREA



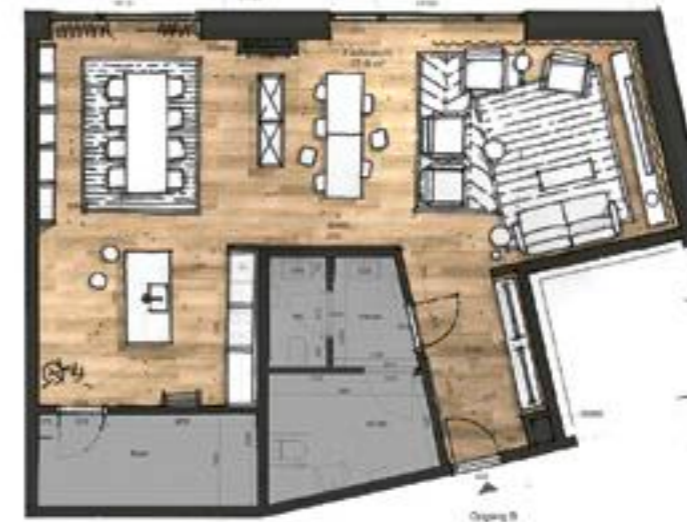
COMMUNITY KITCHEN



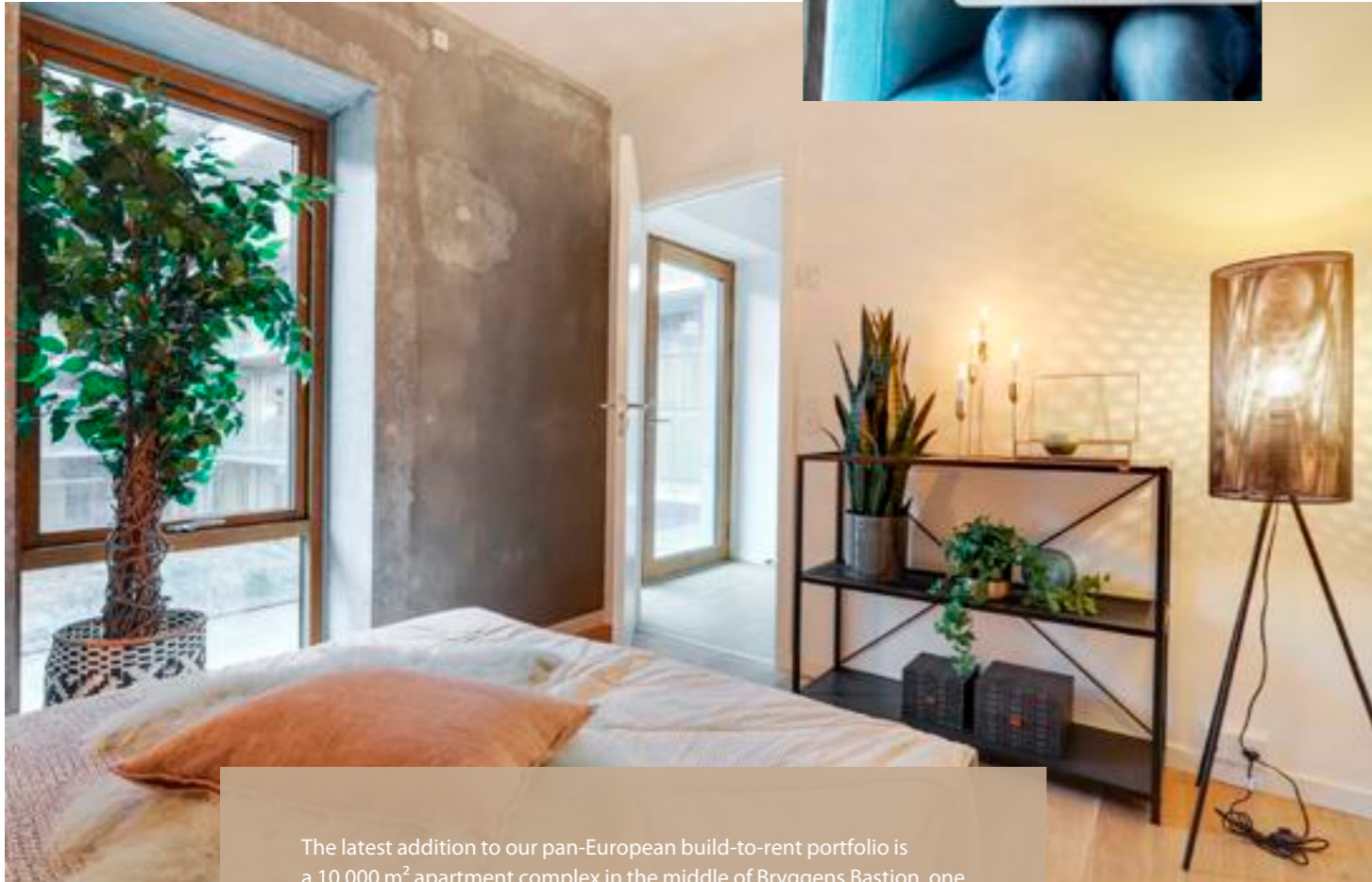
CO-WORKING



ATTRACTIVE
COMMUNITY SPACES



CINEMA



The latest addition to our pan-European build-to-rent portfolio is a 10,000 m² apartment complex in the middle of Bryggens Bastion, one of Copenhagen's most exciting neighborhood development projects. The seven-story building with 111 fully leased residential units and approximately 1,300 m² of commercial space has flexible two to four-room apartments with balconies. There are also five common areas, including a roof terrace extending over three floors, a private courtyard that invites residents to linger, and an area suitable for coworking and private dining. Due to its close proximity to the University of Copenhagen and the city center, the complex is within the catchment area of some 18,500 young professionals, to whose needs the residential property is optimally tailored. //



ECE WORK & LIVE

WORK SPACE, LIVING SPACE – CREATIVE SPACE!

Inspiring spaces with a future: ECE Work & Live always has the user in mind and so creates sustainable, functional, and creative solutions for the urban life of tomorrow. It is at home in all asset classes – from residential to hotels, from offices to logistics. Thanks to its decades of experience, it delivers permanently attractive properties with sustainable cash flow.

@ECE WORK & LIVE

@ECE WORK & LIVE

NOW THE WHEAT IS BEING SEPARATED FROM THE CHAFF

Especially in difficult times, flexible, resilient, and sustainable concepts are in demand in the real estate industry. In our interview, Henrie W. Kötter, CEO of ECE Work & Live, explains why the future of real estate lies in conversion, what livable urban quarters must be like, and what we can still learn from Bauhaus today.

Henrie, crises are on the rise, the future is becoming increasingly unpredictable. Difficult times for project developers?

Henrie W. Kötter: Yes and no. Of course, the challenges are immense. Construction prices and interest rates have risen massively in recent months, supply chains no longer function in some cases – and in many cases there is still uncertainty about what a post-COVID world will really look like. On the other hand, this is also a time when the wheat is being separated from the chaff. That’s why I see very good opportunities for ECE in the medium term.

What do you base that on?

We are currently receiving many inquiries and offers, both from cities and from other project developers. The times when you could earn money even with little expertise and little equity are over. What is needed now are flexible, resilient concepts that are sustainable in the best sense of the word, and solid financing. Unlike many other project developers, we have the necessary expertise in-house. In addition, we have sufficient equity available both within the Group and through our parent company. We do not speculate with land, but want to create lively neighborhoods together with cities and users. Since we have been doing what we say we will do for almost 60 years, we have also earned a certain credibility.

Today, sustainable concepts alone are not enough for cities, users, or investors. Clear ESG standards are now required.

Yes, and that’s a good thing. As a family-run company, we have always thought long-term. This includes being aware of our responsibility to society and the environment. That’s why we are one of the founding members of the Institute for Corporate Governance in the Real Estate Industry (ICG) and have had regular certification ever since it was launched. We received a platinum certificate from the German Sustainable Building Council back in 2009. In 2011 we were the first real estate company to establish an external sustainability advisory board, and we have just developed our own standard for sustainable logistics properties. Projects such as Mitte Altona in Hamburg also show how it is now possible to create livable urban neighborhoods with affordable housing and social infrastructure together with the city, building cooperatives, a neighborhood management system, and much more.

Nevertheless, the real estate industry is facing a major transformation. Does it need support from the state for this?

It depends. More sustainable buildings usually cost more money to build. If the user can’t or shouldn’t pay the extra price, for example because we don’t want only rich people to be able to afford new apartments, compensation is needed. But two other points are even more important to me. First, we need planning security, because project developments often take many years. This requires clear, fair, and unambiguous regulations. For ex-

ample, I can’t quite understand why, according to the latest ideas of the German government, the landlord of a commercial property with a top energy efficiency rating should also pay 50 percent of the CO₂ price, even though they have done everything technically possible to minimize CO₂ emissions. And second, we need rules for real estate development that enable us to choose the most efficient way to cut CO₂. A future increase from the EH55 to the EH40 standard would do exactly the opposite. It would not be the right way to go, both economically and ecologically, as even more insulation than in the current Building Energy Code (BEC) would only lead to small theoretical savings in heating demand.

Some say the most sustainable property is the one that hasn’t been built. Is that an attack on your business model?

No, but rather a very precise analysis. First of all, a new building consumes a lot of CO₂ in its construction. For me, the consequence is that, if we have to build new, we should use materials that are as sustainable as possible. And second, we should build as flexibly as possible so that the property can be used over a long period of time. Users and needs change, so buildings also have to be adapted. We talk about the conversion of real estate. In Rome, for example, we are currently converting an old office building into a modern hotel with an attractive roof terrace. However, politicians should not always just demand conversion, but also make it possible: for example, it is still difficult

to convert deep retail spaces to other uses because, according to occupational health and safety regulations, an office worker needs daylight, unlike a salesperson. Since both are human beings and we have modern lighting systems today, this doesn’t always really make sense to me.

There continues to be a lot of speculation and opinion about how COVID will affect the need for offices and homes. Is a clearer picture now emerging?

We are still a long way from the new normal. Nevertheless, it is becoming apparent that there will be changes – but they will not be as radical as was initially believed. According to a recent Forsa survey by the Lebendige Stadt (“Living City”) foundation, the proportion of people in major cities and metropolitan areas who work predominantly away from the office will double from 16 to 32 percent. That’s a lot. But half of all employees will still not work from home at all, and another 16 percent only occasionally. At the same time, we sense that requirements for the quality of spaces are increasing significantly. That’s because labor shortages mean employers must also offer attractive workplaces if they want to retain existing employees and attract new talent.

And what about the expected urban exodus?

Can it bring relief to the housing market? The phenomenon of urban flight certainly exists, but I think it is much smaller than it is often portrayed. Only five percent of people are thinking about moving to a smaller city or to the countryside. The pressure on housing markets is likely to remain high in most cities. We have refugee flows from Ukraine. The elimination of KfW funding combined with massively rising construction costs will mean that the German government will probably miss its housing targets by a wide margin. It remains a challenging task to

provide affordable housing in the cities. One error in thinking here in Germany is the fixation on rent per square meter. It is not the rent per square meter that is relevant, but the total rent I have to pay for an apartment that suits me. If an apartment is efficiently laid out, if I have smart communal areas, for example a coworking area, then I need fewer square meters and can certainly cope with a higher rent per square meter. Unfortunately, our industry has lost

sight of the Bauhaus achievements of 100 years ago and has continuously increased the living space per user over the past few decades. At the same time, less space also means less resource consumption. //



“WHAT IS NEEDED NOW ARE FLEXIBLE, RESILIENT CONCEPTS THAT ARE SUSTAINABLE IN THE BEST SENSE OF THE WORD, AND SOLID FINANCING.”

HENRIE W. KÖTTER, CEO, ECE WORK & LIVE

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LIVING

MORE THAN FOUR WALLS

The entire residential real estate sector is in a state of upheaval. New project developments are no longer solely about location, price range, and apartment sizes, but increasingly about the specific needs of potential customers.

Smart lofts, barrier-free apartments, family apartments – or a mix of them all. The market demands tailor-made solutions.

NEW APPROACHES TO PLANNING AND IMPLEMENTATION

ECE Work & Live is expanding its activities and delivering efficient, flexible, and ecologically compatible housing solutions in all areas throughout Europe – from subsidized rental apartments to owner-occupied apartments, which can be flexibly used, are suitable for all age groups, and are integrated into their location. The focus is not only on new projects, but also on new approaches to planning and implementation. The motto: thinking about living space in a new and more intelligent way.

GROWING MARKET REQUIREMENTS

The background to this is the new challenges on the housing market – with regard to different neighborhoods, the residents, and their expectations, as well as the increasing regulations for energy efficiency and sustainability. It is precisely this sustainability that the new directions in the company's philosophy are designed to achieve. All developments are to be certified with sustainable quality seals. This also involves the use of low-carbon or recyclable building materials in the interest of the environment.



@ECE WORK & LIVE

"We have to keep looking for new solutions that enable CO₂-conscious living. At the same time, as project developers, we want to support users' need for environmentally friendly living. Because so far, this has not been as strong as in the area of office construction. Sustainable building and working already plays a much greater role there," says Simon Querndt, Head of Development for Offices & Residential. To the same extent, the company is focusing on modular and serial construction in the interest of sustainability. A future topic to which the developers want to devote increasing attention.

SUSTAINABLE COMMITMENT

In this context, ECE Work & Live acts as a reliable partner in the market, for individual projects as well as in cooperation with cities and municipalities. "It's not just about the quick marketing of space, but also about social aspects and urban development issues. The goal is intelligent and smart forms of living for all age groups and flexible-use buildings, integrated into balanced traffic concepts, realized from the laying of the foundation stone to the final brushstroke," says Katja Freese, Director of Offices & Residential. The basis of the company's actions is a code of values to which it has committed itself. This voluntary commitment focuses on the common good and the revitalization of city centers, with an emphasis on sustainability. >

- Mixed-use building ensemble "The Tide" in Hamburg's HafenCity.

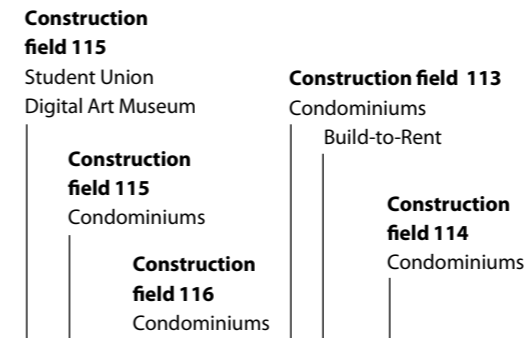


“THE TIDE” – A FLAGSHIP PROJECT IN HAMBURG’S HAFENCITY

@ECE WORK & LIVE



The modern transport services offered by the new quarter include a direct public transport link, numerous e-charging stations for cars and bicycles, and an extensive range of car-sharing services. The building complex complies with the high sustainability standards of the Hafencity environmental label, thanks to the use of renewable energy and recyclable materials and a design geared toward minimizing carbon emissions and ensuring barrier-free accessibility. The carbon-reduced materials mean CO₂ values will be at least ten percent below the statutory limit. //



OTHER PROJECTS



CONVERSION OF SINGLE AREAS

In Kirchseeon, there is an opportunity to develop the site of a former railroad sleeper factory and make it usable again. The site is located directly on the S-Bahn line between Munich and the district of Ebersberg. At the beginning of 2022, ECE Work & Live acquired the approximately 16-hectare site. This means that for the first time, the land is owned by a company that is ready and able to undertake real estate project development.

DENSIFICATION IN THE CITY

Finally, an urban densification project is planned in Hamburg's Hamm district near the subway. On a plot of land measuring around 4,000 m² that currently has little commercial use, there is potential for around 300 new apartments and commercial use on the first floor.

LIVING IN NATURE

In Hannover, Wasserstadt Limmer GmbH is setting an example for new living concepts in the big city that are integrated into nature. ECE Work & Live and DIE WOHN-KOMPANIE Nord are advising the current property owner, GP Günter Papenburg AG, on the development of a former Continental AG factory site. The aim is to develop the land close to the city center with a harmonious mix of publicly subsidized and privately financed housing. The plan will also make use of cost-efficient serial and modular construction.



A trendsetting mixed-use building complex in Hamburg's Hafencity that meets the highest standards of sustainability: ECE is working with partners (Digital Art Museum, Hafencity Hamburg GmbH, Harmonia Immobilien, and Studierendenwerk Hamburg) to deliver the 480 million euro project "The Tide." The project includes around 600 new, multifunctional rental and owner-occupied apartments, a student dormitory with a further 260 apartments, a daycare center, and additional commercial and restaurant space. One highlight of the project and cultural attraction is the Digital Art Museum, which exhibits digital art by the international artists' collective teamLab and is the largest museum for digital art in Europe.

NEW HOMES FOR
1,500
PEOPLE

Digital art: light installations with wow effect.



● On the building sites of the quarter, a mix of residential properties, culture, education, and supply is emerging.

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OFFICE

THE OFFICE OF THE FUTURE: SMART, SUSTAINABLE, FLEXIBLE

@ECE WORK & LIVE

Even before coronavirus it was clear that the office of the future will need to be more than just a place to work. But which new office concepts will meet the flexible and modern demands of tomorrow's working world? Together with its customers, ECE Work & Live develops and realizes buildings for smart and sustainable office setups that are tailored precisely to users' needs.



In a world of transformation and change, changing work processes are creating strong pressure to adapt, including in the field of office real estate. The real estate industry has to adapt to these changes and go along with them. "ECE Work & Live is a partner in this process who can develop real estate solutions and offices for companies that meet future requirements," says Katja Freese, Director of Offices & Residential at ECE Work & Live. Flexible building and office concepts that enable modern collaboration are in demand, she adds: desk sharing, social spaces, collaboration areas, team spaces, variable-use meeting rooms. "With our experience and expertise, we design customized solutions and develop innovative and sustainable ideas – that's how we raise the quality of office real estate to a new level," says Freese. "For our tenant partners and investors, the issues of health, safety, and well-being play an important role, in addition to space and energy efficiency."

ENERGY-EFFICIENT & CLIMATE-FRIENDLY

In all office building planning, ECE Work & Live relies on climate-friendly energy concepts. Green roofs and facades are also examined individually. In addition, the use of sustainable building materials plays an important role alongside the development of a charging infrastructure for e-vehicles. Another significant lever that helps to achieve the climate targets is the con-



#FUTUREFORWARD ECE 2022/23

scious and responsible consumption of resources. This includes the careful use of building land and land recycling, and ensuring that office buildings are durable, versatile, and easily convertible.

Modern offices also continue to be seen as a way to attract the best skilled workers. The office is the place where productive exchange takes place and the corporate culture is cultivated and developed. The office of the future is smart, sustainable, and flexible! >

"WITH OUR EXPERIENCE AND EXPERTISE, WE NOT ONLY DESIGN CUSTOMIZED SOLUTIONS, BUT ALSO DEVELOP INNOVATIVE IDEAS THAT RAISE THE QUALITY OF THE WORKPLACE TO A NEW LEVEL."

KATJA FREESE,
DIRECTOR OFFICE & RESIDENTIAL,
ECE WORK & LIVE



@ECE WORK & LIVE

CURRENT PROJECTS

MESSECITY COLOGNE: NEW BUSINESS DISTRICT WITH A VIEW OF THE CATHEDRAL

In a prominent city location between Koelnmesse and the ICE and S-Bahn station Köln Messe/Deutz, ECE Work & Live is realizing MesseCity Köln together with STRABAG Real Estate. A total of six office and hotel properties with a combined floor area of around 135,000 m² will be merged into a modern business quarter with excellent transport links by 2025.

MesseCity is already around 80 percent leased. The main tenant in the western part is Zurich Group Germany, which moved into its new headquarters (with approximately 60,000 m² of floor space) in the fall of 2019 with 2,800 employees. Other tenants include the

rubber manufacturer Arlanxeo, the hotels Motel One and Adina Apartment, and the restaurants L'Osteria and The Ash.

In the second construction phase, the Centraal and Rossio office buildings are now being built. Construction work on the 15-story Centraal building with 19,700 m² of rental space began in spring 2021. The tenant is the auditing company KPMG. Innovative office planning is being implemented there for the company's Cologne branch. The Rossio building, which has been under construction since 2022, also offers space for customized office setups with a total available rental area of around 30,000 m².



26,000 m²

OF OFFICE SPACE

OFFICE-CAMPUS FOR DIE SOCIÉTÉ GÉNÉRALE

The new Hamburg Campus offers a total of 26,000 m² of modern office space for around 1,700 employees. The main tenants are Bank Deutsches Kraftfahrzeuggewerbe and Hanseatic Bank, both members of the French Société Générale Group. Other tenants include elevator specialist Schindler. Around 3,300 m² of rental space is currently still being marketed.

The campus offers an attractive working environment with landscaped courtyards, outdoor areas, and roof terraces as well as a shared conference center and cafeteria. Included in the project is a listed historic farmworker's house. The office location is very well connected to the public transport system via suburban and subway stations. The aim is to achieve Gold certification from the German Sustainable Building Council (DGNB). Due to its outstanding digital connectivity, the campus has already received Platinum certification from WiredScore.



105,000 m²

OF SPACE ALREADY BUILT AND FULLY LEASED

30,000 m²

OF SPACE ON THE MARKET

< 10 mins.

FROM COLOGNE/BONN AIRPORT

135,000 m²

GROSS FLOOR AREA

25

MINUTES WALK TO COLOGNE CATHEDRAL



SOUTH CENTRAL: NEW OFFICE HOTSPOT FOR HAMBURG

The architectural firm Störmer Murphy and Partners is the winner of the architectural competition for the new ECE office development with the working title "South Central" in Hamburg-Hammerbrook – an urban location on the trendy Hafencity/Billebogen urban development axis. With South Central, ECE Work & Live can offer a sought-after product for companies looking for larger new-build office spaces at reasonable rents in a central location. ECE has secured the property with a development potential of 15,000 m² on a long-term basis. Lease negotiations with an anchor tenant are currently underway. //



LOGISTICS

OUR GOAL: FUTURE-READY HUBS

@ECE WORK & LIVE



In the development of logistics properties, ECE continues to underscore the aspects, so as to create environmentally compatible, long-term attractive investment properties in one of the asset classes that is currently the most sought-after on the market.

Despite the challenging environment, including increasing regulatory requirements and high construction costs, ECE, as a long-standing and experienced developer of logistics properties, creates flexible, sustainable, and valuable buildings that are individually tailored to the respective location. The new ESG Logistics Code, which goes far beyond the legal requirements, sets standards in this regard.

ESG LOGISTICS CODE – WHAT’S BEHIND IT?

The ESG Logistics Code represents ECE’s commitment to the sustainable development and realization of logistics properties – from an ecological, social, and regulatory perspective. The code helps to create projects that exceed the legal standards and strike a balance between the needs of tenants, investors, and the current and prospective legal requirements from Berlin and Brussels.

ENVIRONMENTAL, SOCIAL, GOVERNANCE – THE CONTENT OF THE LOGISTICS CODE:

- The Efficiency House Standard 40 (EH 40) is the basis of all planning: it exceeds the legal requirements, currently EH 75, and at the same time lays the essential building blocks for climate-neutrality.
- DGNB Gold as a minimum for all logistics developments: with the gold standard, numerous other sustainability criteria are already taken into account in the planning phase (from biodiversity to life cycle considerations).
- Planning based on taxonomy requirements.

ESG LOGISTICS CODE

THE MEASURES IN THE LOGISTICS CODE BASED ON THE ESG STANDARDS IN DETAIL:



ENVIRONMENTAL

- Use of renewable raw materials and materials with reduced CO₂
- Installation of photovoltaic systems
- Avoidance of “gray” emissions (embodied carbon)
- Recyclable design and separability by type
- Preparation of life cycle assessments during planning and construction
- Carrying out climate impact risk analyses
- Gray-water utilization for outdoor irrigation and hall
- Smart readiness in operation
- Species conservation strategy
- Creation of a material passport and testing of the reinstallation of recycled material



SOCIAL

- Site-specific mobility concept taking into account requirements from the draft Energy Performance of Buildings Directive (EPBD) or the Building Electric Mobility Infrastructure Act (GEIG) for the development of charging infrastructure
- Focus on user comfort (indoor air quality and optimal use of daylight)
- Accessibility



GOVERNANCE

- Preparation of documents for Green Lease
- Creation of a user manual
- Compliance standards for suppliers and construction service providers



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EVERY SITE NEEDS ITS OWN ANSWER

Whether goods distribution centers, logistics centers for retail and industrial companies, or multiuse projects: ECE always realizes forward-looking logistics properties. Sustainable building planning, efficient energy systems, and flexible rental units, designed for various smart usage scenarios – all of this guarantees the high quality of the property in the long term.

Profile

LOGISTICS CENTER HAMBURG-BILLBROOK

Flexible use and close to the city center. The planned logistics center, ideally located in Hamburg, is the first project to be planned and realized entirely according to the parameters of ECE's ESG Logistics Code. A brownfield site of around 45,000 m² is being revitalized for the project. The project is ECE's third brownfield revitalization in the east of Hamburg following the completion of logistics centers for Hermes and Still.



Features:

- Brownfield revitalization
- DGNB Gold certification sought (DGNB Gold certification also sought for demolition for the first time)
- Effizienzhaus standard 40
- Heating by heat pumps fed by PV systems on the roof
- Surplus electricity can be used by tenants
- Use of wooden trusses and integration of renewable raw materials
- Green roof on the office building
- Ideal location close to public transport, with direct access to the S-Bahn (suburban railroad)

Key Facts:

- Use as a modern and flexible logistics property

45,000 m²
Property size

24,500 m²
Building area

Available from
Q4 2023



Features:

- DGNB Gold certification sought
- First implementation of the Efficiency House Standard 40
- First roof lease for photovoltaic systems
- Prefitting of charging stations for motor vehicles and bicycles

Key Facts:

- Use as a modern and flexible logistics property

133,000 m²
Property size

59,000 m²
Building area

Completion
Q2 2023

Profile

LOGISTICS CENTER STUTTGART-HEILBRONN

In a top logistics location in Möckmühl, ECE is currently realizing the Stuttgart-Heilbronn Logistics Center – according to Efficiency House Standard 40 for the first time. DSV Solutions GmbH, one of Europe's leading contract logistics companies, will be the long-term tenant. After the Logistics Center Berlin-Süd, which was successfully leased to CEVA Logistics, this is the second logistics property to be successfully built by ECE on a speculative basis without prior tenant commitment.

Profile

GREENWORKPARK GRÜNHEIDE

A multiuse project of a special kind is being developed on the former NVA site in the Grünheider district of Hangelsberg. In the immediate vicinity of Berlin and the Tesla Gigafactory, ECE is developing the GreenWorkPark, an ultramodern business park on an area of 35 hectares, which will provide space for meeting, education, and work. In order to make the vision tangible, citizens were involved in the planning process at an early stage.

Vision. Creating Spaces for:

- Nature and environment: sustainable development taking into account ecological, economic, and social needs and requirements. The symbiosis of the natural environment and the modern working world creates an innovative climate.
- Work: state-of-the-art business park for companies of different sizes and from different sectors (including production, crafts, storage) and for research and development facilities that stand for innovation and future viability. Innovation: improvement of the educational infrastructure for the Hangelsberg district and its region through the redevelopment of a municipal school near the train station and a university campus. Local supply: improvement of the supply situation for everyday goods in Hangelsberg and the surrounding area, while preserving attractive open spaces to spend time in.

Key Facts:

- In the concept phase, ongoing planning legislation
- Central location in the metropolitan region
- Berlin-Brandenburg Close proximity to the A 10 and Tesla Gigafactory

350,000 m²
Property size





“FOR INVESTORS LIKE US, THERE ARE OPPORTUNITIES TO ACQUIRE HOTELS THAT WOULD NOT HAVE BEEN AVAILABLE BEFORE.”

ASCAN KÓKAI,
PRINCIPAL HEAD OF HOTEL,
ECE REAL ESTATE PARTNERS

HOTEL

NICE TO MEET YOU – AGAIN!

@ECE WORK & LIVE

In the past two years, the hotel industry was impacted by the restrictions imposed during the coronavirus pandemic. Now it has wind in its sails again, which is bringing many changes and trends. Torsten Kuttig, Director of Hotels at ECE Work & Live, and Ascan Kókai, Principal Head of Hotels at the fund company ECE Real Estate Partners, take a look together at the industry’s present and future.

What is the state of the hotel industry?

Torsten Kuttig: There is a mood of optimism, especially on the operator side. Thanks to rising occupancy rates – especially at tourist destinations – numerous hotel providers are again considering expansion, and additional concepts are back on the agenda. For hotel developers, the focus is once again on the right hotels: location, concept, and an efficient operator are more important than ever, because there is still a lot of convincing to do with banks and investors.

Why is that?

Ascan Kókai: The industry is coming out of its biggest crisis of the last quarter-century. Although the crisis was caused by regulatory measures and is not structural, it has created significant challenges on the operator side. Many of the operators have yet to rebuild their year-round revenues, while others have to pay off deferred rents or subsidized loans in parallel with their current rents. This is a challenge that cannot be met by all and will lead to an increased trend of consolidation among mid-sized operators. This consolidation may in turn lead to disposals in the real estate portfolios of investors who leave the market or clean up their portfolios. For investors like us, there are opportunities to acquire hotels that would not have been available in the past.

What do project developers have to be prepared for in the future?

Torsten Kuttig: The crisis has shown one thing: hotel accommodation must offer more than a good bed and breakfast. It won’t work without crisis-proof concepts that can achieve basic occupancy even in difficult times. These include long stays, extended stays, and serviced apartments. In times of mobile and remote working, additional service offerings and work options such as coworking spaces are guarantees of success for the future.

The days when an operator with a fixed lease could be found for every location in A, B, and C locations are also over. Today, locations are evaluated much more precisely. Project developers must be prepared for the fact that the classic lease is increasingly being called into question and that more and more turnover components are being negotiated for the rent.

Are turnover-linked leases the future?

Ascan Kókai: Definitely from an investor’s point of view – for our fund we have preferred it for a long time in any case. Why? The variable rent component gives the investor more insight into the performance of the business and thus also a certain early warning system. At the same time, this form of rent offers the potential to

participate in sales growth, which can be extremely attractive, especially in the coming years of market recovery. This is because the positive fundamentals influencing the sector have not changed: an aging population with growing affluence, growing populations that are beginning to travel internationally thanks to global >

“THE CRISIS HAS SHOWN ONE THING: HOTEL ACCOMMODATION MUST OFFER MORE THAN A GOOD BED AND BREAKFAST.”

TORSTEN KUTTIG,
DIRECTOR HOTEL,
ECE WORK & LIVE





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growth in relative affluence, and high travel volumes due to historically low-cost travel and the internationalization of the economy.

What does the hotel of the future look like?

Torsten Kuttig: In the market, terms such as “bleisure” and “workation” are circulating. We simply call it “Work & Live.” On the one hand, operators from the business sector are increasingly dealing with leisure locations. On the other hand, leisure hotels, especially in the vicinity of large cities, must also offer many of the services and facilities of a business hotel. The hotel of the future must offer an infrastructure that allows concentrated work on the one hand and relaxation with the family on the other. A destination for the “hybrid guest” will emerge. Single-structure products, such as airport and congress hotels, are subject to more critical scrutiny. In addition to the concep-

tual approach, talk of sustainability in construction and operation is on everyone’s lips. Driven both by ourselves and by the expectations of tenants and investors. Accordingly, there will also be a strong ESG focus in the development of hotel projects.

And where is the journey heading in terms of operators?

Ascan Kókai: The sector is constantly undergoing evaluation and innovation. Economy lifestyle hotels have been created by operators such as Ruby, where our group is the main shareholder. Such concepts are now an integral part of global groups such as Accor. But new players are also emerging and will stimulate the market. Hybrid forms of hotels are increasingly coming into play, which can no longer be measured in star categories and are combined with other types of use. White label operators, i.e. hotel operators who cooperate as franchisees with a wide variety of franchisors, are also becoming increasingly important. Often, their agility and local

understanding offer an attractive complement to the highly professionalized but more rigidly operating brand group.

Will the movement in the industry have an impact on the locations that are in demand?

Torsten Kuttig: The big cities, and that includes B-cities with a strong overnight market of more than half a million overnight stays per year, continue to be in high demand among operators and investors. Always subject to the condition of efficient concepts and operators. Vacation hotels in particular are the talk of the

town, as they have been successful despite the pandemic and temporary hotel closures. Banks and investors are nevertheless currently being cautious, because it is not yet clear whether the trend toward vacationing on the North Sea and the Baltic or in mountain regions will continue.

Ascan Kókai: These national leisure destinations, which can be reached without flights, are extremely en vogue from an investor’s point of view because of their fast bounce back. In the medium term, liquidity will again be crucial for institutional investors to invest in individual markets, and large cities will dominate. We, for example, are focusing on high-growth city markets with a balanced demand mix, but will selectively complement these with individual investments in metropolitan vacation destinations.

What role will internationalization play?

Ascan Kókai: The hotel business is and will remain international – in operations and in investment – and strongly driven by transnational business. It is therefore not surprising that the first highly attractive value-add investment we made with our hotel fund was the purchase of the Bonvecchiati in Venice.

Torsten Kuttig: I can only confirm this from the perspective of a project developer. We are positioning ourselves in a way that expands our strong role as a hotel developer in the German-speaking region in cooperation with strong operators and sustainable concepts internationally, whether in Italy, Poland, and Scandinavia or in sought-after cities in other European countries. Because despite different approaches in the individual countries, there is a clear trend toward hybrid hotel concepts. //



DEVELOP

- New development of individual and location-appropriate hotel concepts
- We implement tailor-made products for hotel operators and guests
- Restructuring of existing hotel and office properties
- Upgrading and expansion of other asset classes



INVEST

- We invest in a wide range of hotel brands and concepts in the European market
- We bring in our sector-specific expertise
- Over ten years of investment experience in operator real estate
- Launch of the ECE European Lodging Recovery Fund (2021)



OPERATE

- As an operator of shopping centers, we have a deep insight into the operational business – basis for optimizations in the portfolio, new developments, and investment management
- Own cross-divisional hotel team with more than 20 professionals in the Group
- Largest shareholder of the Ruby Hotel Group

NEIGHBORHOOD DEVELOPMENT

CITY OF THE FUTURE, CITY OF NEIGHBORHOODS

@ECE WORK & LIVE

“A NEIGHBORHOOD NEEDS A SPECIAL CHARM, HIGH QUALITY OF STAY, AND SUITABLE USES FOR THE LOCAL PEOPLE.”

KLAUS-PETER HESSE,
DIRECTOR CITY DEVELOPMENT &
ACQUISITION, ECE WORK & LIVE

2.7 ha

NEIGHBORHOOD PARK AND
NEIGHBORHOOD SQUARES
IN THE MITTE ALTONA

When it comes to the city of the future, the development of urban quarters is one essential element. What constitutes an urban quarter seems simple. But in order for such district developments to really work, a whole range of factors have to be taken into account during planning and development – a complex interplay that requires a lot of experience and smart approaches. Xin Lu, Director of Asian Business at ECE Group Services, and Klaus-Peter Hesse, Director of City Development & Acquisitions at ECE Work & Live, talk about why ECE has what it takes to do this, what makes a successful city district, and how Asia and Europe can learn from each other.

City quarters are in demand, you might even say fashionable. But what makes a good quarter?

Klaus-Peter Hesse: “In a modern city quarter, residents and visitors alike must feel at home. A neighborhood therefore needs a special charm, a high quality of stay, and suitable uses for the local people. But it also needs attractions for visitors, such as retail or restaurants, attractive waterfront locations, or particular landmarks.”

Xin Lu: “In the development of neighborhoods, one plus one is more than two – a different, better result can be achieved from the combination of different uses, elements, and functions, and more can be achieved in the interaction between them.”

But what is this “more” that well-planned neighborhoods can achieve?

“Quality of life”, says Xin Lu. “Soul, identity, community”, adds Klaus-Peter Hesse. But the path to a successful urban district is complex. Numerous aspects have to be considered, many details have to be taken into account in the planning, and they have to be coordinated and integrated in a complex interplay.



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This is where the experience and expertise of an experienced developer like ECE come into play.

Klaus-Peter Hesse: “You can plan a lot on the drawing board, but in the end everything has to be composed so that it works together. And for that, you need knowledge and expertise like we have at ECE.”

Xin Lu compares it to a good herbal tea blend. “It’s only when the right ingredients come together that you get a blend that tastes good.” The challenge and the special achievement in this interaction for ECE as a developer is to optimally combine the interests of users, investors, and cities. >

Why does ECE in particular have the right expertise for this?

Klaus-Peter Hesse points out ECE's role as a market leader in the development and operation of shopping centers: "This means that ECE also brings decades of experience in the development of neighborhoods, because it has always thought of the center locations as neighbor-



@ECE WORK & LIVE

hoods – and has consistently placed the end customer at the center. This clear user focus is also essential for quarters; the key success factors for successful center operation can be transferred to city quarters: high quality of stay, a coordinated mix of uses, traffic-generating factors."

"The development expertise is also the big asset for our planning services for the Asian market," explains Xin Lu. ECE provides comprehensive planning and architectural services there, designing master plans for entire city quarters, and thanks to ECE's background as a developer, the team knows how to bring together the different interests of all stakeholders and work out the best solutions for an optimal mix of uses. "We don't just draw up abstract plans, but work on the basis of a common vision that convinces and inspires everyone."

What are some of the key success factors for a modern urban quarter?

Klaus-Peter Hesse: "Mobility is a very important aspect when we develop neighborhoods. Demands are changing, bicycle traffic is increasing, pedestrians are getting more space, sharing services and e-mobility have to be integrated. The car is no longer the top priority when planning for a sustainable city of short distances, as we are doing today in line with the Leipzig Charter."

Xin Lu: "The separation of functions into residential, work, and commercial, which was the aim in the past, is no longer the best model. Successful neighborhoods are mixed-use – but that's still not enough." The secret is how to bring the different functions together. "Through a smart mobility concept, integration into a city's existing traffic flows, and a variety of routes and pathways that are not only functional but also offer surprises." There are also other key factors, explains Klaus-Peter Hesse: "A modern energy concept that starts with a resource-conserving construction method and continues through to a future-oriented energy supply –

and that's far from all. You can't do it without sustainability and energy efficiency." An efficient digital infrastructure is also becoming increasingly important. "And a social mix is absolutely essential; a neighborhood must offer space for very different social groups."

Last but not least, even if China and Germany differ as markets, there are many commonalities when it comes to the idea of neighborhoods. Where and how can we learn from each other?

Klaus-Peter Hesse: "The height and density of development is completely different in Asia – and yet it is possible there to develop attractive and people-friendly neighborhoods. This is also a model for Europe, in which we carry out infill development wisely and carefully, and allow for and think about a greater but still tolerable building density and height in our cities. Because that saves space, reduces traffic, and enables optimized use of idle or poorly used areas."

Xin Lu: "In China in particular, there is too little attractively designed, publicly used space. Neighborhoods are therefore particularly important for improving this - and we can learn a lot from European cities in this respect. A change in thinking is already taking place, with a shift toward a peo-



● SOL Optics Valley B89 in Wuhan, China, with 180,000 m² GFA, is one of the current district development projects of ECE Shanghai Co.

ple-friendly city, toward more quality of life in the neighborhoods, with colorful and lively activity on the streets and squares, just like we love so much in Europe."

Klaus-Peter Hesse: "This is also a goal for Germany and Europe: more life on the streets and in the inner cities! To achieve this, we also need to bring

more housing and a varied mix of uses back into the city quarters – but this requires faster and more flexible approvals by cities and municipalities." //

ECE AS DISTRICT PLANNER IN ASIA

In Asia, especially in China, ECE provides comprehensive planning, urban planning, and architectural services – from the planning and design of individual shopping center projects to the development of master plans for entire city districts. Retail functions are always a core element – as the key to a lively, attractive district. By linking them with all other functions and uses – from residential to cultural to leisure – they become lively quarters, for example through the planning of connecting green space strips, pathways, or lighting design. ECE's main goal and task is to link the new quarters with the existing infrastructure and buildings – or to create a new, lively center, as in the planning of the new West Bund district near the city center in Shanghai or the new Optical Valley district in Wuhan.

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MITTE ALTONA, HAMBURG: ECE WORK & LIVE AS NEIGHBOURHOOD DEVELOPER

As a market-leading developer and operator of shopping centers, ECE has more than 55 years of experience in planning and developing vibrant centers and quarters. Today, it uses this user-focused experience and expertise for the development of entire city quarters – such as in the master planning of Neue Mitte Altona in Hamburg. In many respects, the project is a model for successful neighborhood development. For the first time, ECE realized a one-third mix there: a socially mixed user structure according to clear criteria. There was close dialogue with all stakeholders and local residents before and during the planning process. Today, the quarter is a blueprint for a successful mix of uses and a contemporary mobility concept.

1,600
FLATS

90%
OF THE FLATS
BARRIER FREE USABLE

20%
OF THE FLATS ARE USED BY USED
BY BUILDING COMMUNITIES



✓ ECE Work & Live networks partners of the housing industry

✓ ECE Work & Live brings expertise & implementation strength to the planning of complex neighbourhood developments

FUTURE AHOY!

Fresh ideas open up a wide range of possibilities for the world of tomorrow.



@FUTURE.AHOY!

@FUTURE.AHOY!

- "Life Hamburg": A place to live and work as well as a contact point for well-being.

GUEST ARTICLE

MOTTO: THINK ANEW

The Weißenhofsiedlung in Stuttgart is regarded as the dawn of architectural modernism. It was part of a building exhibition organized by the Deutscher Werkbund in 1927 together with the city of Stuttgart. One hundred years later, the international building exhibition IBA 2027 StadtRegion Stuttgart (IBA'27) is now exploring the future of building and living together. In an interview with #FutureForward, IBA Director Andreas Hofer reveals how he is rethinking the city, how innovative floor plans are revolutionizing residential construction, and how participation works in commercial districts.



● A classic of modern architecture: the Weißenhofsiedlung in Stuttgart.



@FUTURE AHOY!

● The architect Andreas Hofer is Director of the IBA 2027 in Stuttgart.

“WE NEED TO THINK EVEN MORE RADICALLY IN TERMS OF ARCHITECTURE: IS THE CATEGORIZATION INTO RESIDENTIAL AND COMMERCIAL BUILDINGS STILL VIABLE?”

Andreas, what is the big theme of IBA'27?

Andreas Hofer: In a certain sense, it's almost the inverse of the Weißenhof. The statement back then was: "You can't live in the city anymore. You can't live near industry. We have to separate the functions." We see the consequences of this separation of functions today. I'm thinking of the huge transportation infrastructures and the encroachment on nature. And, of course, we are currently realizing that the whole thing has only worked because we have burned up and used endless quantities of cheap raw materials. That will no longer be possible in the future. I believe the time has come to rethink the way we approach cities.

How do you envision sustainable and resilient cities?

Actually, as they were 150 years ago. Of course, life in preindustrial cities was not all good. But they can still serve as a model, as an idea, as an image for the interplay of the most diverse social strata, the most diverse life contexts – including trade and production. With new technologies and forms of production, this is possible again, without the devastating negative consequences for health and quality of life that it had back then. So the city of the future is actually the one we had.

So all functions well mixed?

Definitely, and for that we need to think even more radically in terms of architecture: is the categorization into residential and commercial buildings still viable? The consequence of this would be that we no longer create specialized buildings, but perhaps instead generic structures that can be anything. I recently heard the funny phrase, "You can easily put an apart-

ment in a textile factory, but it's hard to put a textile factory in an apartment." It's exciting to take that thought further for once, isn't it?

A building where anything is possible? Could that really work?

There are certainly exceptions, such as a laboratory building. That is so highly specific and specialized in terms of its technical development alone that it is probably wiser to build it as a laboratory building. But then please make sure that it can be dismantled into its individual parts later on. A modular concept would be a good way to go. But my professional experience has shown me how much you can actually repurpose when you are forced to.

Do you have an example?

The requirements for residential construction have changed completely in the last 20 years. In Germany, however, these 12-meter-deep buildings are still planned on plots of land by default, because every investor knows what to do with them and has the family

apartment in their mind's eye. But this has proven to be very rigid and probably also not sustainable. For many parts of today's society, it no longer fits. There are now great examples of making good housing based on 20-meter-deep floor plans. This is creating new typologies that also offer completely new potential in the long term. In Germany, the first parking lots are now being converted into housing.

In your view, what ingredients do attractive and vibrant city centers need?

Inner cities in Europe are characterized by market speculation and specialization. Price expectations for land and rents have boiled up to such an extent that people hardly live there anymore. They are extremely monofunctionalized. But I'm convinced that housing will return to the inner cities – it has to, if we're talking about the quality of life in cities. In big cities like Stuttgart, where you always have the administration, the opera house, the State Gallery, I'm not too worried. They will survive all that.

Where do you have worries?

I see big questions in the medium-sized cities. Though there could also be opportunities there. Everywhere where prices are not yet so high, a medium-sized supply structure could emerge again, in some cases even new functions. We see, for example, how libraries are developing further, how they are becoming public spaces. Such cultural institutions are also losing their monofunctionality. Opera houses don't just want to be opera houses, they also want to be lounges, so that perhaps new audiences can be introduced to opera. These are exciting developments that make me confident. >

@FUTURE AHOY!



“IT’S ALWAYS ABOUT A BETTER MIX AND ABOUT ENABLING ENCOUNTERS AND COMMUNITY.”



@ FUTURE AHOY!

But IBA’27 isn’t just looking at the city centers. What about the urban areas outside the centers?

An IBA has to look for some kind of niche. That’s why we’re very interested in the edges of cities and the transitional areas between different functions. An example project for this is a huge commercial area in Fellbach: essentially single-story, large parking areas, no quality to the outdoor space. The city said: this is actually our last development area. If we think of such industrial estates as urban, productive quarters in which we stack up the functions, then suddenly large potential areas of space emerge.

So the future belongs to quarters?

I think a neighborhood is a good size: walking distance, cycling distance, child-care – all these things. We are looking for a new, radical mix of uses. You could talk about a commercial district, or a more intensively used residential district. Maybe every place has to start telling something like its own story. For a long time, it was said that a commercial district doesn’t have to tell a story, we just need it to make the economy work. So possible qualities were neglected. I’m thinking of the quality of stay and quality of life for the employees who spend all day in these places.

They walk outside the plant and there’s nothing but a parking lot, maybe a gas station at the next intersection where they can get a sandwich. Surely, for an affluent, rich society, these are conditions that we can change and want to change. I feel that there should be a right to a good quality of life above all else.

How can such qualities be created?

Through building densification. In the commercial areas I’ve mentioned, but also in the purely residential estates of the postwar period. It’s always about a better mix and about enabling encounters and community. Perhaps it’s not about having an additional study in your own apartment so you can work from home, but rather a neighborhood coworking space that also has childcare. In the case of residential areas with single-family homes, we see the problems of demographic development. Kids are moving out, infrastructure is starting to crumble, people are getting older. The last stores are disappearing. Turning around such structures is challenging, and in some cases we are also at a bit of a loss. But I see exciting developments for mid-sized residential neighborhoods on the outskirts and also for commercial areas.

So you see more of a multifunctional urban structure that doesn’t need a city center as a center of attraction?

I’ve been accused of wanting to homogenize everything and make everything the same. A city functions through hierarchy and centrality. That’s true, of course, but perhaps we’ll end up with a somewhat more multipolar structure, which will lead to a city of short distances. But we’re not talking about some kind of utopia, along the lines of “We’ll tear everything down now and then rebuild it completely with the new concepts!” Everywhere we have a starting situation that has grown historically, which has perhaps also been shaped by the landscape. When I think of Stuttgart, I think of the role that the topography plays in this city. I see many points of departure there for new forms of identity. I don’t believe that the city center will be challenged by attractive neighborhoods.

It might then reinvent itself culturally and come down a bit from its high economic horse. These transformation processes always involve opportunities and sacrifices.

On the subject of participation: how do you do that in an industrial park, for example?

IBA’27 has initiated a kind of meta-participation across the entire region, starting with the discussion: what should the region look like in the future? There are, of course, many problems and conflicts, but we want to talk about shaping the future together. That’s the crucial point for us: that participation is a proactive, positive attitude toward the possibilities of the future. We then try to bring this spirit into the projects. To return to the example of the industrial park in Fellbach: the municipality as project sponsor naturally addresses the local companies first, including the neighboring gardening

businesses. How could trade and horticulture come together? The people who work here every day are also involved, as are the city residents, for whom this will be a new neighborhood. It’s not about the compulsory participation program, which often tends to manifest fears and forces of prevention. We are trying to show the enormous opportunities that are inherent in such projects. An IBA has this utopian, positive touch, behind which people rally: “We’re doing an IBA now. This has something to do with the future. This is a temporary state of exception.” That helps, of course; we can ride that wave of enthusiasm.

How can cities become more climate-friendly?

Cities helped cause climate change and are the biggest accumulators of resources. Cities will also dominate the post-fossil era, because the majority of humanity lives in cities or in interurban regions. At the same time, cities also offer good

conditions. Of course, we have legacy buildings that are poorly insulated and have resource problems. But the proximity and density of European cities is the biggest opportunity, because it enables thinking in context. It’s not a matter of adding another five centimeters of insulation to a passive single-family house on a greenfield site. What we need is an understanding of the interrelationships, and we also need the commercial sector to think along with us: 90 percent of the waste heat from industry and commerce is currently not being used. We must succeed in linking commercial and residential buildings more closely in terms of energy, thinking in terms of neighborhoods, not houses. Of course, the regulatory framework must also be adapted to these issues that we will face in the future. We can’t let laws and liability issues get in the way of sensible energy systems. There is huge potential and new tasks for municipal utilities and innovative companies. //

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“LIFE HAMBURG”

CREATIVE SPACE FOR ALL AREAS OF LIFE

A place for lifelong learning and working, and a starting point for well-being: with Life Hamburg, Janina Lin and Benjamin Otto want to create a future-oriented meeting place, which is set to be completed by the 2025 school year. They are drawing on ECE’s many years of experience in the development, implementation, and management of complex construction projects.



@FUTURE AHOY!

@FUTURE AHOY!

“LIKE MY GRANDFATHER AND MY FATHER, I WANT TO GIVE SOMETHING BACK TO SOCIETY THAT WILL HAVE A LASTING IMPACT.”

BENJAMIN OTTO



Reinventing learning once again, across generations – that’s what the Life concept is all about. For the design of the 12,000 square meter area, Janina Lin and Benjamin Otto have secured the professional support of the ECE Group’s architecture and construction experts. As the developer’s representative, ECE Group Services controls and manages the entire project within the framework of a multiparty contract – “a contract model that is new in Germany, in which all employees, companies and processes involved in the project are bound in a joint process and the contracting parties participate in the entrepreneurial success of the project with shared risk and return,” explains Valentin Hadelich, Head of the Urban Planning Department at ECE Group Services.

● Janina Lin and Benjamin Otto, founders of the Holistic Foundation.

Modern and interlocking daycare and school concepts with a coding school as well as supplementary health, sports, and catering facilities, coworking areas, and an event area are to be created. The basis for the future-oriented, sustainable architecture that is envisaged for the Life project is a preliminary concept by the architectural firm Behnisch, which was selected by the ECE experts as part of an architectural competition.

“With the Life project, we are building the world’s first innovation community in which the essential elements of life, such as health, lifelong learning, professional life, nature and craft experiences, and balancing activities are united under one roof,” is how Janina Lin Otto explains the concept, which is inspired by Learnlife, an international learning initiative launched in Barcelona in 2017.

Benjamin Otto, grandson of mail-order pioneer Werner Otto and son of Michael Otto, is following in the Otto family tradition with the Hamburg Life project: “On the one hand, I live according to the values passed on to me by my family and, like my grandfather and my father, I



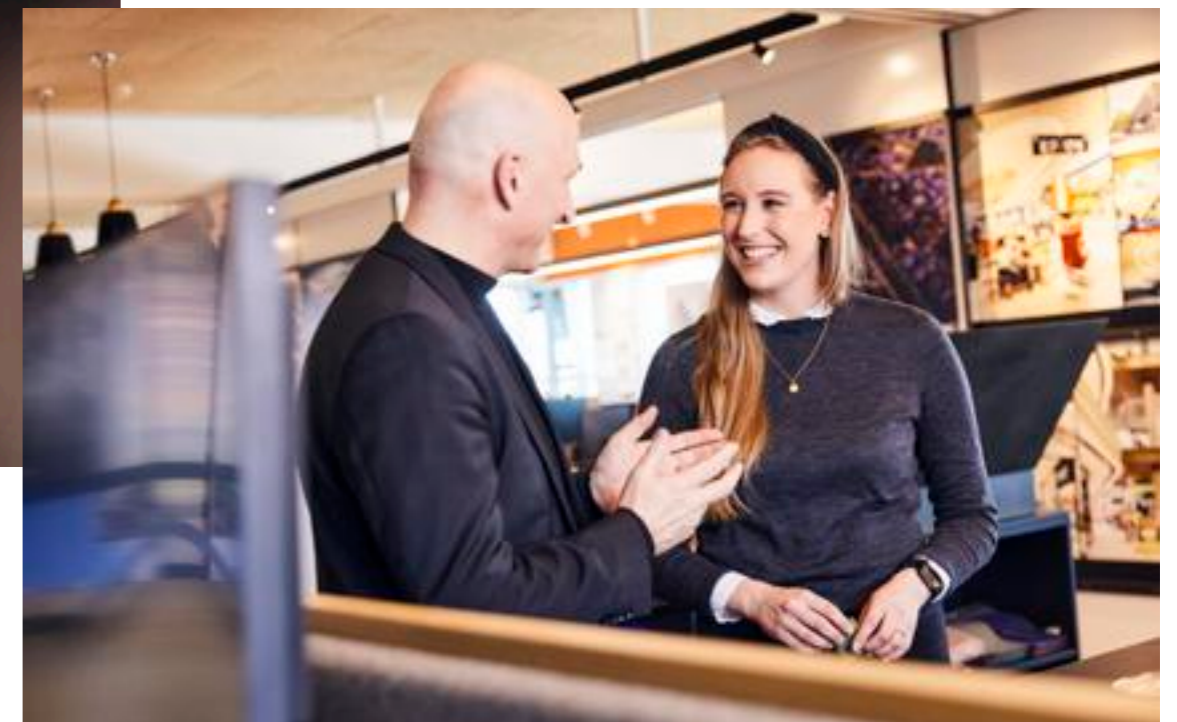
want to give something back to society that will have a lasting impact. On the other hand, it is also important to me to follow my convictions and to be able to contribute my own ideas for a better world. Together with my wife, I can best realize these ideas with concepts that pay off in terms of learning and working in the future and improving health.” //

FINDING THE BEST TALENTS AND SUPPORTING THEIR DEVELOPMENT

AUTHENTIC AND COMMITTED: ECE EMPLOYEES ACT AS AMBASSADORS FOR THE COMPANY AND THEIR JOB PROFILES.

employees are getting involved in inspiring new team members to join ECE. And with success: for example, the company has already reached almost 35,000 views on a recruitment video on its architect job profile by posting, sharing, and running it as a promotional post on social media, thus drawing the attention of potential, passive applicants to its urban planner job posting.

Young talents are also being made aware of ECE through long-term partnerships with universities. ECE offers students and graduates from institutions including the University of Regensburg, Hamburg School of Business Administration, EBS University of Business and Law, and Nordakademie Elmshorn the opportunity to gain practical experience and get their careers off to a



@ECE AS AN EMPLOYER

@ECE AS AN EMPLOYER

Attracting the right employees and giving them room for further development is the declared goal of ECE as an employer. In the challenging labor market, it has become essential to offer skilled employees the right conditions. The focus is on personal and professional advancement, flexible working hours and working locations, and suitably equipped workspaces.

Whether in IT, in the technical sector, in controlling, or in the trades: the shortage of skilled workers is omnipresent and now affects almost all companies and career levels. The demand for qualified employees clearly exceeds the supply. Due to demographic development, which is leading to a continuous decrease in the availability of skilled workers, and the fact that most companies focus on the same target groups, the trend will continue. At the same time, the number of vacant positions continues to grow: the German Federal Employment Agency's job index recorded an all-time high in April 2022.

ECE is also affected by this trend. It is counteracting it with strategic measures and has been positioning itself as a top employer in the real estate industry for years. ECE is primarily master-

ing the current challenges by addressing both actively seeking applicants and passive candidates who are generally open to a job change. This requires strong networking – and it is not just ECE recruiters but also employees who have a role to play, as authentic corporate ambassadors.

REACHING THE RIGHT APPLICANTS DESPITE THE SHORTAGE OF SKILLED WORKERS

With the Employees Recruit Employees program, with short videos on specific job postings, and with personal insights and individual job recommendations,

successful start with ECE. By diversifying the recruitment channels, ECE makes itself visible as an employer in the relevant target groups and draws more attention to specific jobs. This outreach, tailored to the relevant target groups, is having an effect. On average over the last three years, almost 40 percent of new employees have been recruited via channels such as "employee referrals," "actively approaching suitable profiles on social media," and "taking on young talents and external employees." >

FOSTERING LONG-TERM POTENTIAL WITH ROOM FOR DEVELOPMENT

The long-term goal is not only to find and attract the best employees, but also to promote their continuous development. To achieve this goal, ECE regularly showcases the diversity of development paths within the company in order to motivate even more career diversity. In the Employee Stories initiative, ECE lets its employees have their say: describing their very personal career paths, inspiring other employees' professional development, and making themselves available to share their experience and provide a sounding board. Whether it be through interdisciplinary assignments, further training, job sharing, or stays abroad, ECE believes it is important to show how employees have developed personally and professionally on their career path and what individual lessons they have learned. The conclusion: above all, it is about being open to new things and combining individual strengths with the right task.

MORE THAN
90%

OF THE TRAINEES, DUAL STUDENTS AND APPRENTICES AT ECE ARE TAKEN ON.

ECE already focuses on flexibility, networking, and further development of personal skills for its young talents: for example, with the new Real Estate Management trainee program. In this program, graduates of real estate studies pass through all relevant stations in the company in order to gain a comprehensive insight into the management of retail properties. Following the 18-month traineeship, the trainees can decide where they would best apply their strengths and specialize as junior asset managers, junior leasing managers, or junior center managers. This allows the prospective managers to build expertise in their field as well as to think outside the box in order to find the best solutions to current challenges – and that's what a career at ECE is all about.



PROVIDING A SUITABLE FRAMEWORK

The importance of flexibility and willingness to change is not only reflected in the mindset of ECE employees, but also in how and where the teams work today and will work in the future. For ECE as an employer, part of this is enabling mobile and hybrid working as well as flexible time management. According to an internal employee survey, over 70 percent of ECE employees appreciate the opportunities offered by flexible and mobile working. In order to continue to promote flexibility and exchange at the company headquarters, ECE is continuously expanding its coworking spaces. In the process, it pays attention to the different communication needs of its employees. In the spaces, people can get together in a casual setting to give presentations or have group discussions (including hybrid meetings). But there are also separate areas for quiet, concentrated work or telephone calls. At the same time, ECE is making the office and space concept even more flexible: different rooms and workstations are available to the teams. The team members decide for themselves where and when they will work and in what configuration. The focus is on one objective: how and when the employee can best complete their tasks in the interest of the customer and for mutual success. //

OVER
70%

OF ECE EMPLOYEES APPRECIATE THE OPPORTUNITIES FOR FLEXIBLE AND MOBILE WORKING.

AWARDED AS A TOP EMPLOYER



Top Employer Germany 2022 – for offering exceptional work-life balance



Top Ten Employer in the Real Estate Industry – highly rated in the Immobilien Zeitung employer rankings



Audit berufundfamilie – award with distinction, since 2012 – for sustainable implementation of life phase-oriented compatibility culture



Handelsblatt Fair Company 2022 – for sound professional guidance and fair treatment of university trainees



Trendence Trainee Award 2022 – for our fair and comprehensive trainee programs

NEW WORKSPACES AT THE ECE HEADQUARTERS

With a comprehensive concept, ECE is thinking ahead in terms of workplace design: based on an activity-based, hybrid work model that combines in-person and mobile work, the company is creating modern workspaces. There are freely accessible coworking spaces for creative exchange and spontaneous networking as well as team rooms with shared desks for focused group work. The space concept also includes flexibly bookable, smaller offices for telephone calls, confidential conversations, or video conferences and larger meeting rooms for scheduled, hybrid meetings. Knowing that the shape work takes will depend on the task at hand, ECE is gaining experience with the new office concept and actively helping to shape a modern way of working.



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ACTING RESPONSIBLY – A TRADITION AT ECE

@ECE CORPORATE CITIZENSHIP



As a born corporate citizen, ECE assumes social responsibility. In crises and emergencies, it helps quickly and without red tape, it makes an important contribution to social cohesion and participation, and it contributes its expertise to the design of vibrant cities that create identity. Its CEO Alexander Otto sets an example with his personal commitment, leading the way himself and with the foundations close to him and ECE.

HELP FOR PEOPLE IN NEED FROM UKRAINE

The ECE headquarters, centers, and national companies in Poland, the Czech Republic, and Hungary, as well as the foundations close to it, quickly got involved in helping and supporting Ukrainian asylum seekers. ECE and its centers provide targeted assistance to aid organizations and hospitals in the form of cash donations and contributions in kind. For example, in the ECE centers near the border in Lublin and Krakow, accommodation and supply facilities for asylum seekers have been provided at short notice in and around the centers in cooperation with local aid organizations. The local center management team, in cooperation with tenant partners, is helping to meet the urgent need for aid and food. Many German centers are also providing extensive local support.

ECE is providing the former job center in Hamburg-Mitte, which was acquired for a project development, to the city of Hamburg free of charge until the end of 2022 to accommodate the Ukraine Central Support Team and is participating in the aid campaign being run by the German Council of Shopping Places for people in Ukraine. The focus is on medical aid, which the member companies are supporting with donations and fundraising in their centers. And many ECE employees are also involved in private and voluntary work.

In addition, the Dorit & Alexander Otto Foundation covered the costs of more than 6,000 overnight stays for Ukrainian refugees in Ruby hotels at several German locations over several months. The aim of the #HospitalityHelps initiative, in which a large number of hotel operators have joined forces, is to provide fast initial

accommodation without red tape for Ukrainians fleeing to Germany. In addition, the foundation is financially involved in Ukraine Aid Hamburg, with the goal of making the arrival in Hamburg easier for asylum seekers, and in the ART CONNECTS – Aid Fund for cultural workers who have fled Ukraine. In addition, one of the medical practice containers previously financed by the foundation during the refugee crisis in 2016 is being used at a Hamburg facility for Ukrainian asylum seekers. >



@ECE CORPORATE CITIZENSHIP





- Actor and artist Lars Eidinger at the opening of the exhibition "Klasse Gesellschaft" at the Hamburger Kunsthalle.

@ECE CORPORATE CITIZENSHIP

CREATING A PLACE FOR SOCIAL COHESION

Social cohesion requires places where people can come together. One such place is currently being created in Berlin-Wilmersdorf, where the Jewish Community of Berlin is building the Jewish Campus. The campus will enable people of different religions, cultures, and generations to meet and exchange ideas. The idea of this social networking is unique. Despite all the current antisemitic hostility and attacks, the Jewish community is using the campus to promote dialog instead of isolation. The ECE corporate foundation Lebendige Stadt ("Living City") is providing a substantial grant for this inclusive project in a mature neighborhood, which will be completed at the end of 2022. For years, inclusion has been of great importance in urban development in order to enable coexistence between different social groups. With a total area of 7,000 m2, the campus includes a variety of uses under one roof: daycare center, elementary school, gymnasium, movie theater, event and educational spaces, coworking spaces, and educational and cultural offerings. Sports and exercise areas are being created outdoors. "Like a fetus, the educational campus stands for the new birth of Jewish life in Berlin and Germany," says Rabbi Yehuda Teichtal.

CREATING IDENTITY THROUGH CULTURAL PROMOTION

Schwerin's state museum (opened in 1882), state theater, castle, and old palace make up a unique architectural cluster that has been preserved to this day. More than 100,000 works of art are exhibited in the museum, which now needs refurbishment. The Dorit & Alexander Otto Foundation is making the refurbishment possible by donating five million euros in the form of planning services and conversion work. The expertise of an ECE planning team, which the team acquired during the refurbishment of the Hamburger Kunsthalle five years ago, will be incorporated into the project. The ECE team is advising the Mecklenburg-Vorpommern state government on the planning and overseeing the construction measures. The refurbishment includes a redesign of the main entrance, the foyers, and service areas such as the cash desk, cafe, and bookshop, the creation of additional exhibition space, and optimization of the route round the exhibition.

ECE and the Dorit & Alexander Otto Foundation have also continued to work with the Hamburger Kunsthalle after its refurbishment. For example, the foundation sponsored the exhibition "CLASS SOCIETY," which was dedicated to 17th-century Dutch and Flemish art. In addition to the existing works in the Kunsthalle, the sponsorship allowed the exhibition to be enriched with many loans from internationally renowned art museums such as the Metropolitan Museum in New York, the Rijksmuseum in Amsterdam, and the Hermitage in St. Petersburg. Works by contemporary artists Lars Eidinger and Stefan Marx were integrated. ECE also facilitated the preview for the exhibition opening. //

SHORT AND SWEET

FRESH IDEAS THROUGH HACKATHONS

The ECE corporate foundation Lebendige Stadt ("Living City") initiated and sponsored a hackathon in Bochum and Potsdam. Sixty students from various disciplines took part at the invitation of the two cities and developed unconventional ideas for the design of city centers, which were awarded prizes by a jury. The lessons learned from this event can be found at:

> lebendige-stadt.de/pdf/Hackathon.pdf



- Participants of the Hackathon in Bochum. Heterogeneous groups at a hackathon make it possible to gather diverse and different perspectives.



PRACTICAL HANDBOOK FOR PARTNERING WITH CLUBS AND ASSOCIATIONS

At the initiative of the Alexander Otto Sports Foundation, the Hamburg sports clubs tus BERNE, SC Condor, and Farmsener TV have agreed to work more closely together and entered into a cooperative venture. Cooperative ventures are an effective way to jointly tackle challenges such as demographic change and digitalization. In a practical handbook, the foundation provides valuable tips on how to set up your own cooperative ventures:

> alexander-otto-sportstiftung.de/downloads

HONORARY SPORTS AWARD FOR ALEXANDER OTTO

Alexander Otto was awarded the honorary prize at the Hamburg Sports Gala. The award was initiated by the Hamburg Ministry of the Interior and Sports, the Hamburg Sports Association, and the newspaper Hamburger Abendblatt. Among other things, Alexander's commitment to the refurbishment of the Rothenbaum tennis stadium and the construction of the HSV junior performance center was honored, as well as his extensive support for youth and inclusive sports.



@ECE CORPORATE CITIZENSHIP

PERFORMANCE BASED ON GRI STANDARDS

> GRI 102-40, 102-42

The ECE Group sees its sustainability strategy as centering around a long-term orientation and permanent responsibility. The Group is not only involved in project development, but also investment management, leasing, and real estate site operation. The sustainability strategy therefore has effects on real estate planning and management and includes users as well as investors. Having an integrative role in urban planning, ECE wants to provide solutions to help cities achieve their climate targets.

ECE has clear structures for this sustainability. At the core of them is a sustainability team consisting of ten Sustainability Coordinators and a Sustainability Team Leader. The latter reports directly to the Director Sustainability & Corporate Communications, who in turn acts as the point of contact for the ECE board. The Sustainability Team and the Director Sustainability & Corporate Communications strategically manage all of ECE's sustainability activities and monitor the social, economic, and political environment. They also promote knowledge transfer within the company. They keep ongoing documentation of progress made in relation to the environment, society, and governance (ESG) and report to the ECE management. Furthermore, they develop sustainable services for ECE customers in conjunction with the recently established Environmental Engineering and Grants department. Such projects include, for example, an energy efficiency refurbishment road map for replacing energy systems at shopping centers in the Group's portfolio. Furthermore, an external sustainability advisory board has been monitoring ECE's sustainability activities since 2011. ECE maintains an ongoing dialog with its stakeholders to ensure that its sustainability strategy continues to evolve and improve. It focuses on tenant partners, investors, and visitors at the centers and on local government.

BECOMING MORE SUSTAINABLE TOGETHER > GRI 102-43

ECE promotes an ongoing dialog with its stakeholders through a variety of different formats. Information on sustainability activities is provided to employees on a regular basis, for example on a dedicated page on the intranet. In addition, ECE has offered two formats for sharing information with tenants at annual events since 2013. The focus of the Technical Retail Meeting is on technical aspects of sustainability, such as energy efficiency, as well as certification criteria. The Sustainability Forum, on the other hand, focuses on joint workshops and knowledge transfer on all ESG-related topics. Shopping center visitors can find out about the centers' sustainability-related product and service offering on the centers' websites. The shopping centers provide specific information about sustainable services for visitors in addition to general information about climate change mitigation and environmental protection. These services include things such as electric vehicle charging points or charity campaigns for people in need.

Sustainability management at ECE includes regularly integrating stakeholders into the process. In 2019, ECE carried out a survey in which center tenants, investors, and visitors as well as local authorities shared their views about sustainability.

> GRI 102-44, 102-46

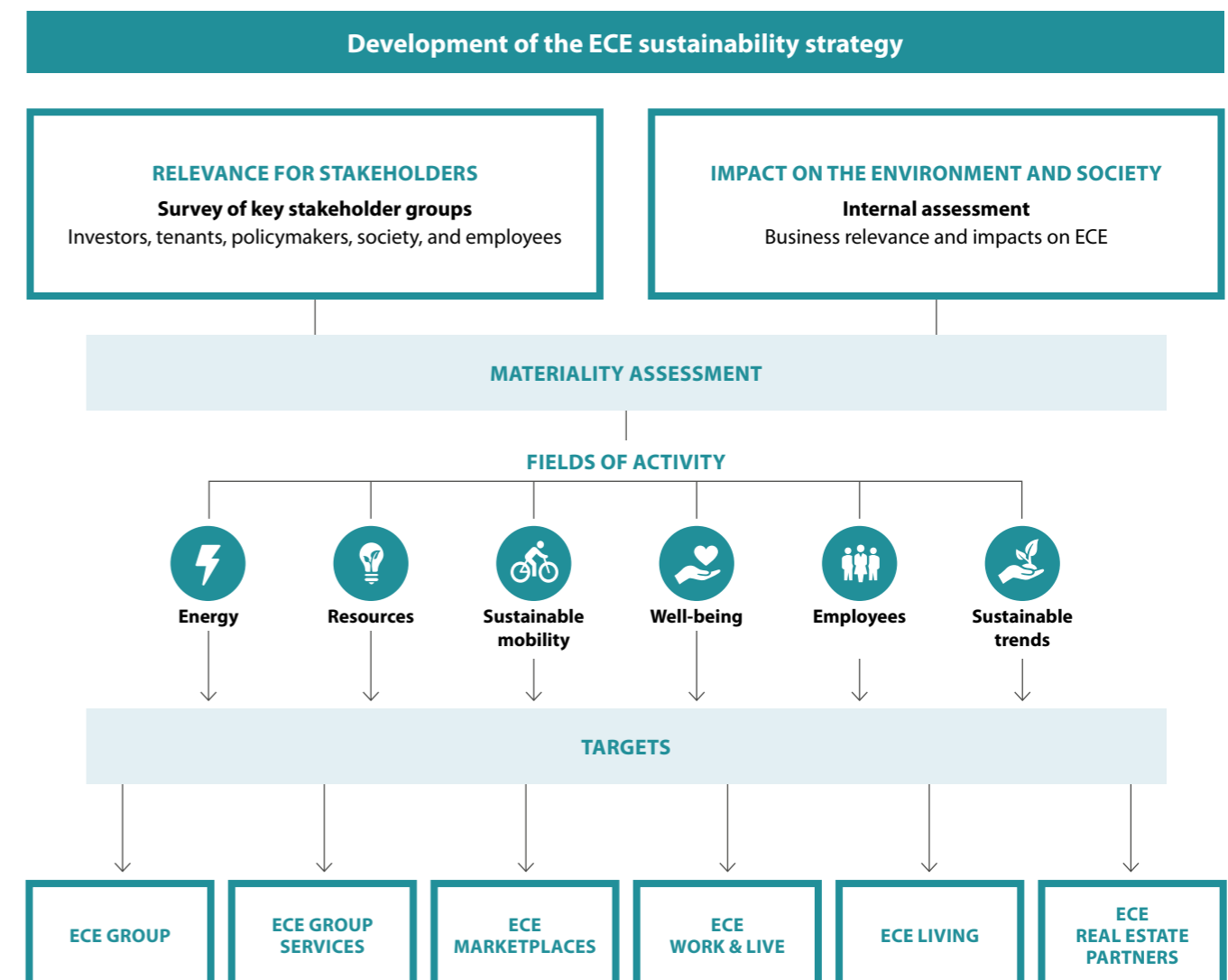
SUSTAINABILITY STRATEGY

In 2020, ECE revised its sustainability strategy and identified relevant sustainability drivers specific to the company. They include political regulations, investor requirements, and the expectations of other external stakeholders, such as tenants or visitors. Ensuring that the properties retain their value by meeting the relevant climate change mitigation requirements in the present and, in particular, in the future, plays a key role in this context. The sustainability strategy acts as a crucial element of it.

STRATEGIC ACTION AREAS

ECE's sustainability strategy is intended to provide long-term guidance and takes into account the expectations of external and internal stakeholder groups (investors, tenants, policymakers, society at large, as well as the Group's own employees). It incorporates all business units and companies within the ECE Group and also takes into account Group-wide and HR-related topics. Accordingly, there are six strategic action areas that apply to all Group areas:

- Energy
- Resources
- Sustainable mobility
- Well-being
- Employees
- Sustainable trends



> GRI 102-44

SUSTAINABILITY STRATEGY

TOPICS WITHIN THE FIELDS OF ACTIVITY

The ECE Group sees its sustainability strategy as centering around a long-term orientation and permanent responsibility. The Group is not only involved in project development, but also investment management, leasing, and real estate site operation. The sustainability strategy therefore

has effects on real estate planning and management and includes users as well as investors. Having an integrative role in urban planning, ECE wants to provide solutions to help cities achieve their climate targets.

@ GRI PERFORMANCE



> GRI 102-46, 102-47, 102-49

ESG TARGETS

ECE has defined specific ESG targets in line with its six strategic action areas. A selection of these targets is listed below.

ENVIRONMENTAL

- Carbon emissions reduced by 40% on 2019
- All shopping centers using green power
- Green-building certification for at least 75% of buildings
- All shopping centers offering EV charging infrastructure
- More sustainable transportation options available at all shopping centers
- Technical fittings for solar panels when developing new logistics properties
- Consideration of more sustainable building materials and wooden design



SOCIAL

- New, comprehensive diversity strategy issued by 2023
- Ergonomic workstations provided for all employees
- Health Days rolled out for entire workforce
- Support for employees' social engagement

GOVERNANCE

- Applicable environmental and social standards updated for all strategic suppliers and business partners in building development
- Stronger integration of shopping center building users in climate change mitigation efforts by using Green Lease agreements

MATERIALITY

The sustainability strategy is based on a materiality assessment conducted in 2019. It takes into account the relevance of sustainability-related issues for various stakeholder categories, the relevance of these topics to ECE's business, and the impacts on the environment and society.

The materiality assessment was used as a basis to grade selected topics as material for the reports made in accordance with the GRI Standards. Other important sustainability-related topics are listed, too.

MATERIAL TOPICS (in alphabetical order)

- Energy efficiency
- Renewable energy
- Building quality, quality of visitor experience, quality of location, and mobility
- Emissions
- Corruption

OTHER TOPICS (in alphabetical order)

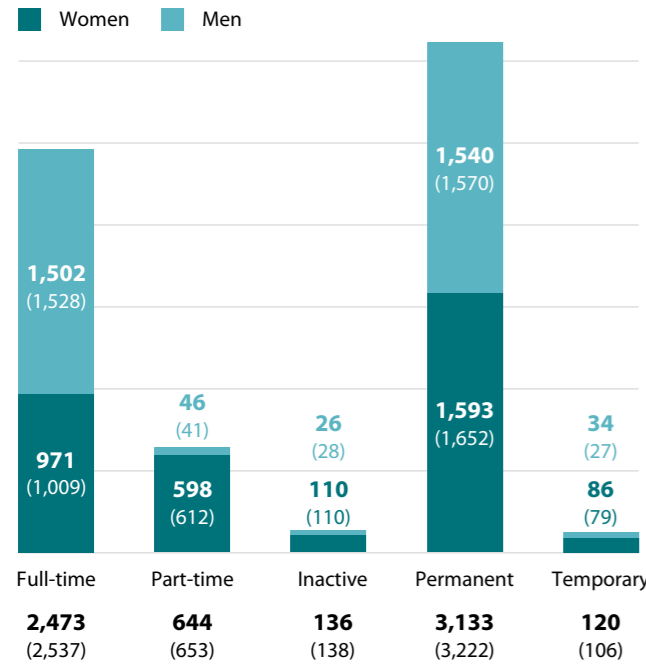
- Waste efficiency
- Local community engagement
- Health, safety, and well-being
- Use of materials/resources
- Social and environmental standards in the supply chain
- Diversity and equal opportunity

@ GRI PERFORMANCE

EMPLOYEES IN 2021 (2020)

EMPLOYEES BY TYPE OF EMPLOYMENT

As at December 31



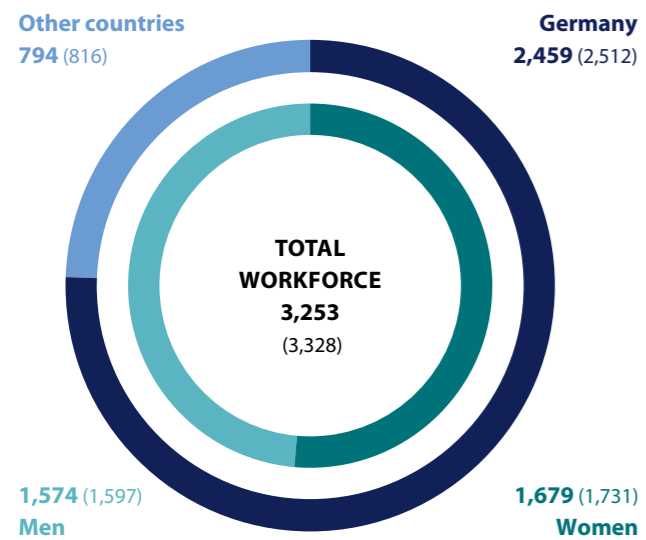
NUMBER OF APPRENTICES 13 (12)

As at December 31



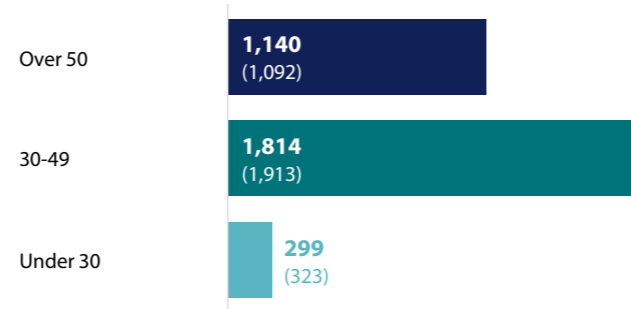
EMPLOYEES BY REGION

As at December 31



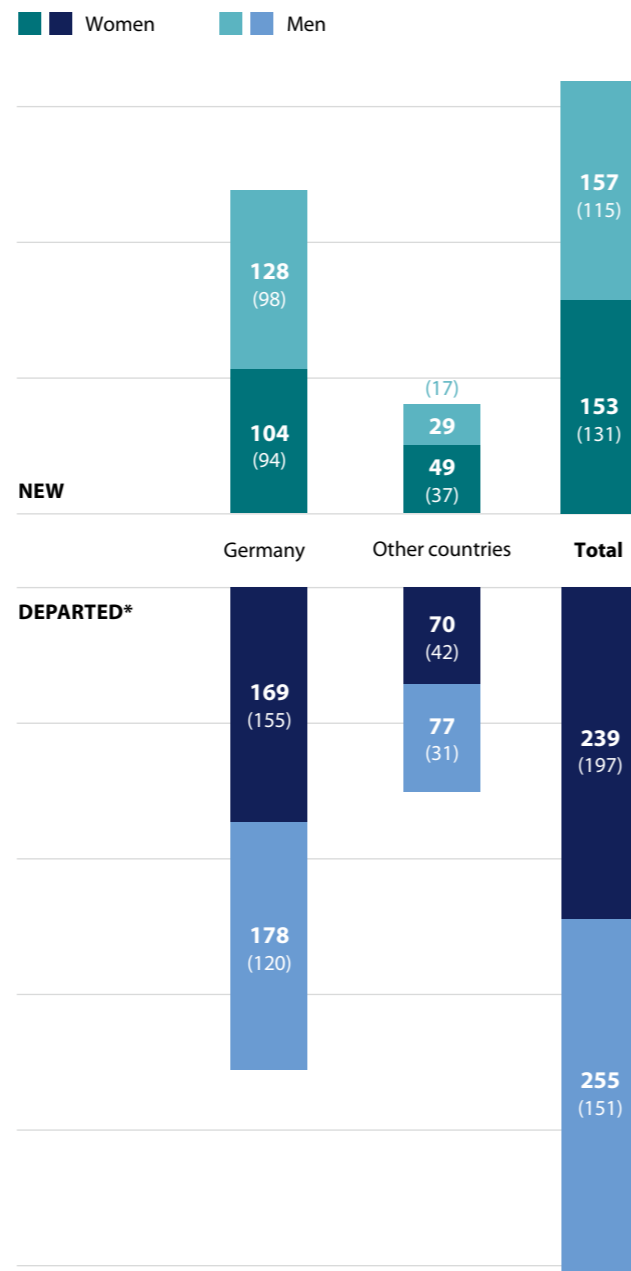
EMPLOYEE AGE BREAKDOWN

As at December 31



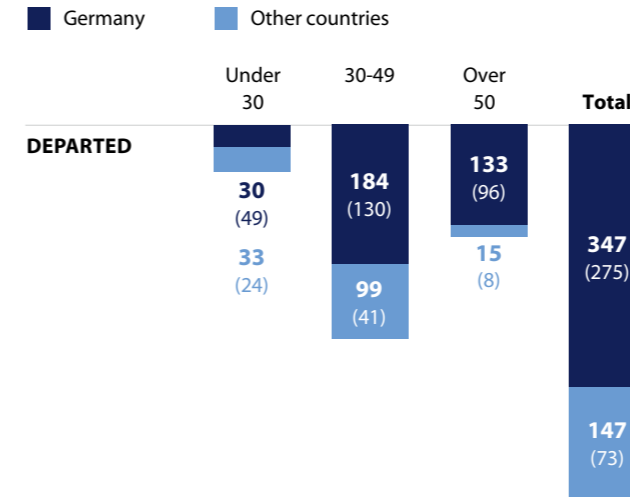
NEW/DEPARTED EMPLOYEES BY REGION AND GENDER

Full year



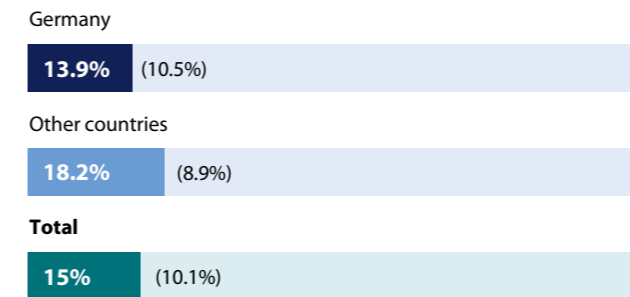
DEPARTED EMPLOYEES BY AGE

Full year



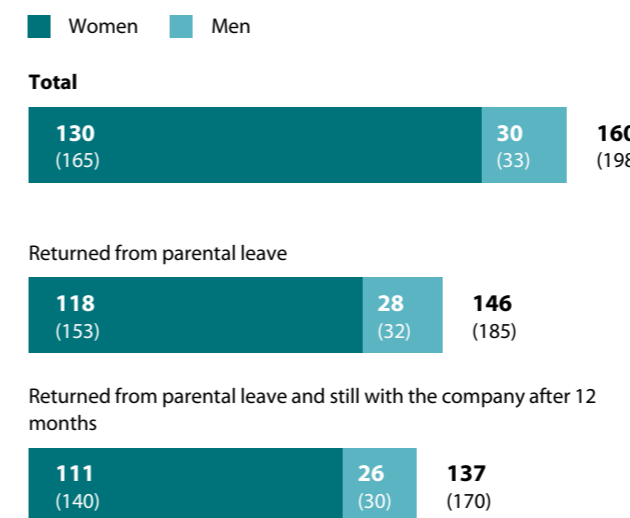
EMPLOYEE TURNOVER RATE

Annualized



PARENTAL LEAVE

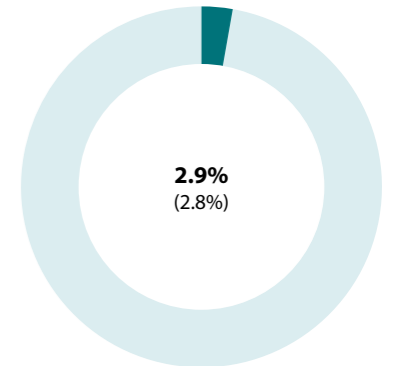
Full year



Return rate	Retention rate
Women 90.8% (92.7%)	Women 85.4% (84.8%)
Men 93.3% (97.0%)	Men 86.7% (90.9%)

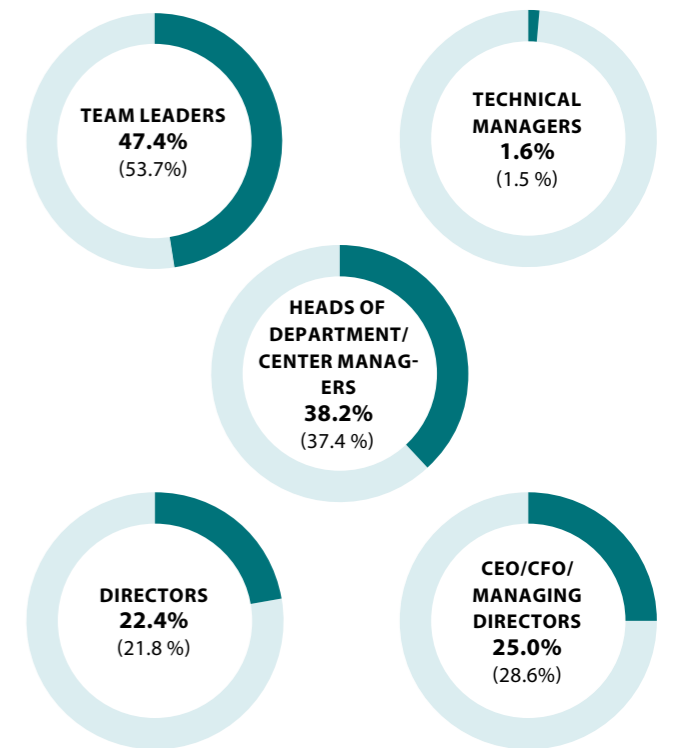
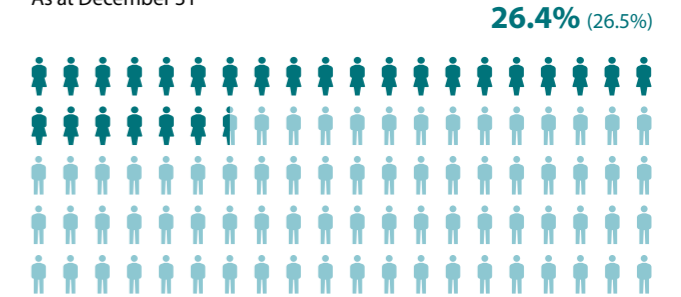
SICK LEAVE RATE

Annualized



WOMEN IN MANAGEMENT POSITIONS

As at December 31



GRI 102-41

ECE offers its employees a company pension plan, parental leave, and a group accident insurance policy including disability and invalidity coverage for employees in specific positions. Employees with temporary contracts can also participate in the company pension plan. The company does not have any employees subject to collective bargaining agreements.

ENERGY AND RESOURCES IN 2021 (2020)

Climate change poses major challenges for large swathes of the economy. Businesses in the real estate industry are particularly affected by it. About one-third of Germany's greenhouse gas emissions from businesses in 2021 (measured by CO₂ equivalent) came from buildings. A further intensification of climate change mitigation measures will require reinforced cooperation between all stakeholders in the building sector.

Having an integrative role in urban planning, ECE wishes to provide solutions to help cities achieve their climate change mitigation goals. In this context, energy efficiency plays an important role. After all, properties consume energy – especially for heating and lighting as well as for ventilation and cooling.

INCREASING ENERGY EFFICIENCY

ECE employs numerous measures to improve energy efficiency. They include the use of modern LED lighting equipment and intelligent lighting and ventilation concepts. The company's efficiency measures are backed up by comprehensive and continuously enhanced energy controlling activities which make energy consumption transparent. With the help of this system, ECE manages energy consumption efficiently and reduces emissions.

Saving energy has been one of the company's key areas of activity for many years. ECE has introduced extensive measures to drive its sustainability strategy further and, in doing so, contribute to the achievement of climate targets. The company's shopping centers in Germany and the ECE headquarters purchase certified electricity from renewable energy sources. Additionally, ECE intends to expand its procurement of certified green power to all its shopping centers in Europe by 2025. To reduce the significant amount of energy required for artificial lighting and to save electricity, ECE relies on state-of-the-art lighting technologies. In this context, ECE engineers work closely with the Technical Managers at the centers. This makes it possible to combine the results of analyses and the development of innovative concepts with on-site experience and test them in the real world.

MITIGATING CLIMATE CHANGE WITH AN ENERGY OVERHAUL ROAD MAP

What's more, ECE offers its investors or shopping center owners something that it calls an energy efficiency refurbishment road map. It displays the activities and measures that would be needed to make an examined property climate-neutral by 2045. This also includes spelling out the status quo in terms of a "climate pathway." These road maps further include the costs associated with an energy overhaul. They are intended to provide clarity for investors and owners and show them tangible pathways for action.

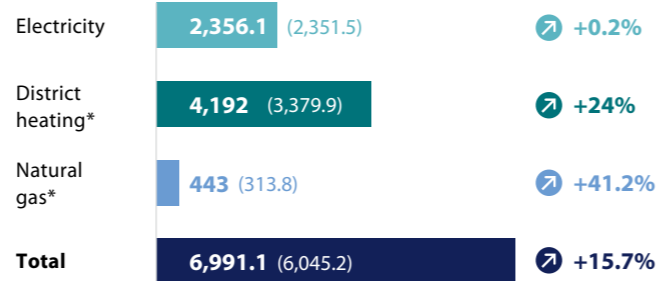
ENHANCING THE GREEN LEASE STANDARD

ECE has been driving further sustainability initiatives in lease areas for a number of years now with the Green Lease standard. This standard is currently undergoing enhancement. The Green Lease 2.0 standard is planned to include even further-reaching specifications, such as an obligation to switch completely to LED lighting and the provision of power consumption data for lease areas. ECE aims to make the new Green Lease 2.0 standard a core element of new lease agreements.

ENERGY CONSUMPTION > GRI 102-48

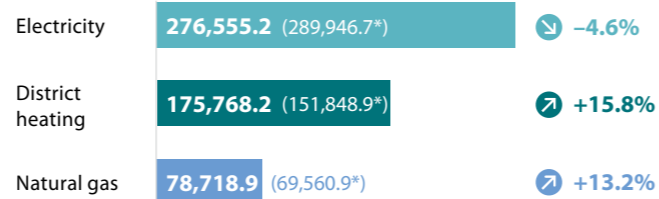
ECE tracks environment-related consumption at its shopping centers and company headquarters. ECE included 96 out of its 96 shopping centers in Germany in its calculations of power data for 2021. Ninety-four centers were included in calculations for district heating data, while 91 were included in calculations for water consumption. Year-over-year consumption comparisons may vary because of extraordinary events. Whether due to an initial boost in working from home, or a return to the office soon after with the associated momentum within the company's headquarters, or due to changing government requirements for opening up shopping centers, the variations in consumption within a reporting period and year-over-year comparison are many and multifaceted. The figures for 2020 that were based on forecasts have been retroactively revised in line with actual consumption (except for the company headquarters' water consumption and greenhouse gas emissions).

CONSUMPTION DATA, ECE HEADQUARTERS, IN MWH



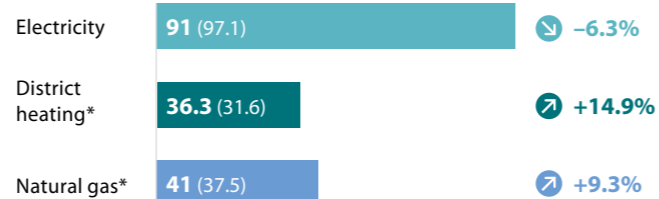
* More employees returned to campus in 2021, which was a COVID-19 year. This increased the buildings' heating demand and led to significantly higher gas and district heating consumption.

CONSUMPTION DATA, ECE CENTERS, IN MWH



* The figures have not been adjusted for climate conditions.

SPECIFIC CONSUMPTION, ECE CENTERS, IN kWh/m²



* Stricter government COVID-19 ventilation requirements for shopping centers resulted in significant losses of heat and therefore increased energy consumption.

GREENHOUSE GAS EMISSIONS

ECE has purchased electricity generated from renewable sources from certified suppliers since 2008. This applies throughout Germany to both the company's shopping centers and its headquarters in Hamburg. Reference values based on the German energy mix were used to calculate location-based greenhouse gas emissions (emission factors for gas, district heating, and electricity). The use of green power produces 0 kg of CO₂. The market-based values for green electricity, which include the emissions generated during hydropower production, are shown separately.

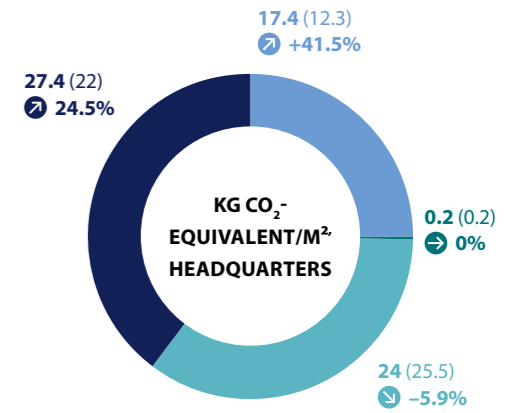
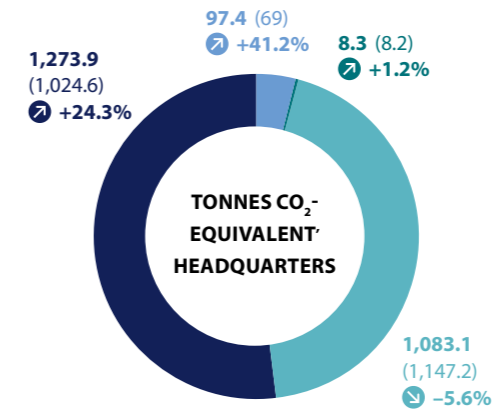
Scope 1

Natural gas

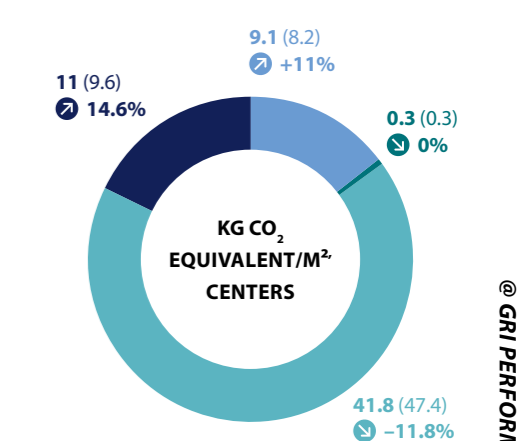
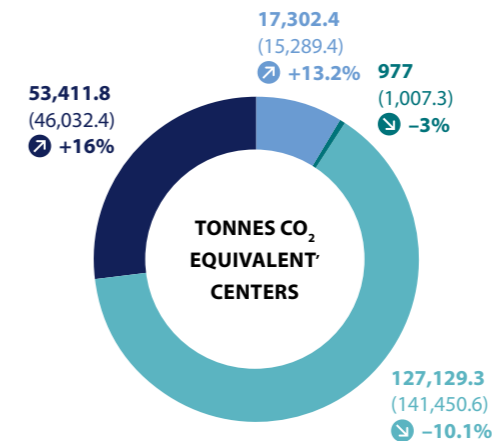
Scope 2

- Electricity (market-based)
- Electricity (location-based)
- District heating

Calculation based on national CO₂ emission factors.



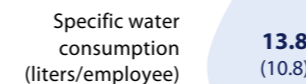
* More employees returned to campus in 2021, which was a COVID-19 year. This increased the buildings' heating demand and led to significantly higher carbon emissions from gas and district heating.



* Stricter government COVID-19 ventilation requirements for the centers resulted in significant losses of heat and therefore significantly higher carbon emissions.

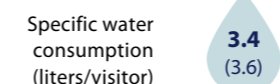
WATER CONSUMPTION

HEADQUARTERS



* More employees returned to campus in 2021, which was a COVID-19 year. This increased year-over-year absolute water consumption significantly.

CENTERS

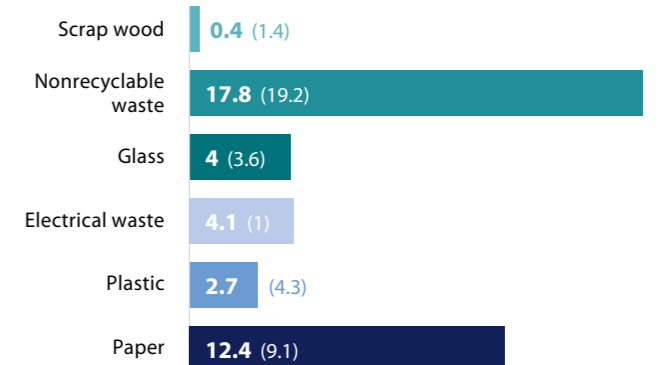


* Absolute water consumption dropped significantly year over year in 2021, a COVID-19 year, due to an extended lockdown.

ACCRUED WASTE

ECE's headquarters and shopping centers accrue waste as part of ECE's business activities, including from tenants and from ongoing operations. The various types of commercial waste primarily include scrap wood, nonrecyclable waste, glass, electrical waste, plastic, and paper. ECE's ultimate goal is to reduce waste. It considers proper recycling to be an important priority for conserving resources when waste cannot be prevented. Waste is disposed of through certified waste disposal companies.

The following waste was produced at the ECE headquarters (in metric tons).



RESPONSIBLE CORPORATE GOVERNANCE IN 2021 (2020)

ECE's corporate values serve as the basic framework that guides the way employees interact with each other and with investors, tenants, and other business partners. The ECE Code of Conduct, which was completely revised in 2021, sets out binding standards of conduct for all ECE employees. Clear compliance requirements for management and employees that apply throughout the company help ensure compliance with laws and regulations, reduce risks, and increase the company's performance.

These include, among others:

- Guidelines for donations and sponsorships
- Guidelines for handling gifts
- Guidelines for reviewing business partners
- Corporate policy related to antitrust law

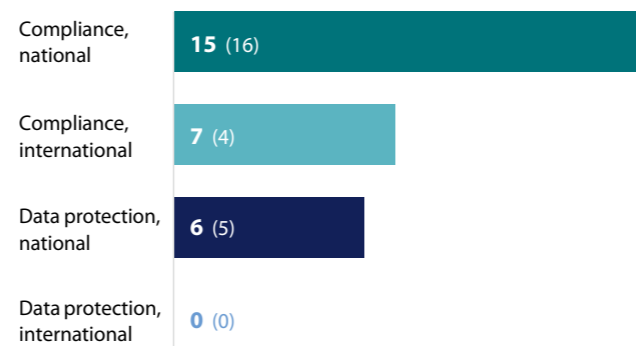
Employees and external parties can report any violations of the standards set out in the Code of Conduct and ECE's compliance regulations by calling the ECE compliance help line. ECE employees also have access to ECE's electronic whistleblowing system, which they can use to report any violations of the law or internal company policies – including anonymously, if they so desire.

Sustainability and compliance are both an integral part of ECE's corporate values, and are regularly addressed in management and employee training seminars. ECE developed interactive in-person training sessions to convey in-depth knowledge of the compliance policies to senior management and specialist departments with increased compliance risk, and these sessions have been held regularly for selected employees in Germany and abroad since 2013. In addition, every employee in Germany and abroad is required to complete an online training course on the rules laid out in the Code of Conduct and other compliance regulations. This interactive online training session features case studies and raises employees' awareness of compliance risks during ECE's day-to-day business.

Compliance is a key element of the annual employee interviews that are conducted with all ECE employees. Guiding questions are used to discuss aspects of daily work relevant to compliance.

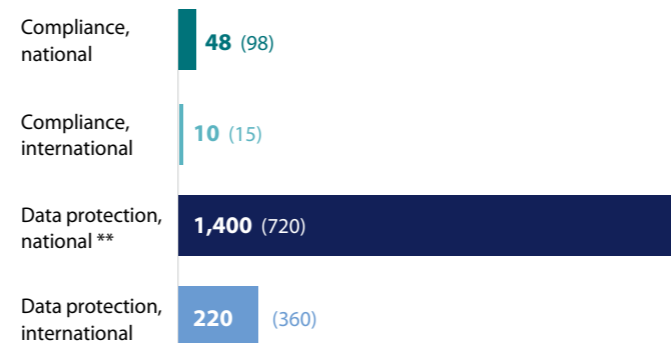
ECE has introduced a compliance management system in order to implement the legal requirements and regulations, and this system was audited and certified by the Institute for Corporate Governance in the German Real Estate Industry (ICG) for the first time in 2014. The second and third audits, including subsequent certification by the ICG, took place in March 2016 and November 2019.

NUMBER OF SUSPECTED CASES* OR INCIDENTS**



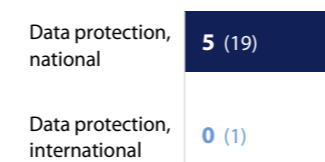
- * Suspected compliance case: any indication of possible unlawful behavior on the part of ECE employees or third parties (external) acting on ECE's behalf or instructed by ECE employees.
- ** Data protection incident: detected violations of data protection law and/or internal data protection regulations.

INQUIRIES*



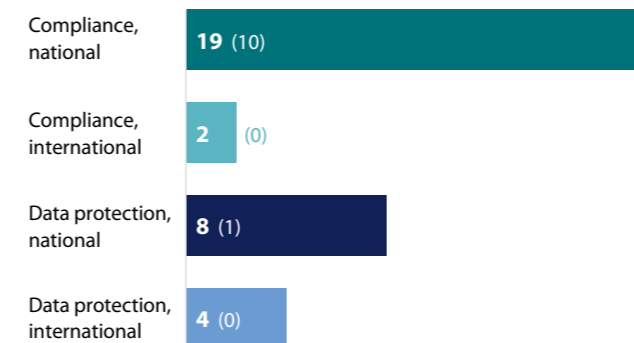
- * Since 2018, the focus of inquiries has been on legal, contractual, and other matters specific to individual shopping centers, particularly in the context of exercising data subject rights under the General Data Protection Regulation, as well as on questions regarding the lawfulness of gifts/invitations and topics relating to conflicts of interest (compliance).
- ** Data protection inquiries can vary due to the pandemic-related fluctuation of visitor numbers at shopping centers.

EXERCISE OF DATA SUBJECT RIGHTS UNDER THE GENERAL DATA PROTECTION REGULATION*



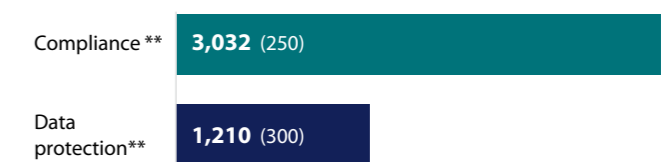
- * Includes requests for deletion of personal data in accordance with article 17 of the GDPR, objections to data processing in accordance with article 21 of the GDPR, and requests for information in accordance with article 15 of the GDPR.

IN-PERSON TRAINING SEMINARS*



- * In-person training seminars are only held for certain groups of employees (sections), usually based on risk potential aspects and/or in the event of a specific need (e.g., an increase in the number of suspected compliance cases in a section) and, if necessary, at the specific request of a section.

ONLINE TRAINING SEMINARS*



- * All new employees (including temporary campus staff) are trained online.
- ** New online compliance training was rolled out Group-wide in June 2021.

NUMBER OF DATA PRIVACY AND IT SECURITY AUDITS AT CENTERS



- * Remote audits could only be carried out in the second half of 2020 due to the pandemic.
- ** No audits were performed between January and May 2021 due to the pandemic. ECE carried out six remote audits (through Microsoft Teams) and one on-site audit (EPH) starting in June 2021.

WELL-BEING AND SUSTAINABLE MOBILITY

From improving the overall visitor experience and indoor air quality to barrier-free building design and promoting sustainable mobility, sustainability aspects play an important role in the visitor experience at the ECE shopping centers.

Besides the economical use of building sites and land recycling, ECE's sustainability goals include the high durability and universal usability of buildings and their easy conversion and, if necessary, demolition. In addition, the use of environmentally friendly and non-hazardous substances and materials, comprehensive materials management, and the efficient use of energy also play a particularly important role.

INTEGRATION OF SUSTAINABILITY ASPECTS

At ECE, integrating sustainability aspects into every phase of a building's development and usage is a key element of this strategy. After planning and building its shopping centers, the company remains active during their operation and assumes responsibility for the location. ECE pays particular attention to sustainability aspects during the operation as well as the modernization and expansion – i.e., the refurbishment – of its shopping centers.

ECE has published four handbooks on the sustainability aspects of shopping centers that have been adopted by the industry, and these serve as the basis for a comprehensive approach to sustainability. ECE actively involves tenants in this process and provides practical recommendations for ways to protect the environment and combat climate change. The handbooks, which were developed based on the results of workshops at the Sustainability Forum, include specific recommendations and checklists.

The *Sustainable Shopping Centers* handbook serves as a guideline for the development of shopping centers from the planning stage onwards and outlines all of the sustainability measures that are necessary during the development of a project. *Sustainable Operation of Shopping Centers* supplements the previous handbook and covers the work of Center Managers and Technical Managers. The *Electric Transportation* handbook provides information on the potential ways to integrate services related to electric-vehicle charging at a site, which the company plans to install at all of its shop-

ping centers in 2024. The *Sustainable Building Products for Tenant Fit-Out* handbook serves as a practical guide to designing stores in order to create environmentally and climate-friendly buildings.

FURTHER ROLLOUT OF EV CHARGING POINTS

In order to add trailblazing transportation concepts to the urban landscape, ECE has applied a comprehensive concept for a number of years now. Transit connections play a key role in this, as do bicycle storage options and the steadily increasing number of electric-vehicle charging points in the shopping centers' car parks. ECE currently offers its visitors over 400 charging points at its shopping centers. The share of shopping centers fitted out with EV charging points in Germany and internationally is currently over 40%.

CERTIFICATION OF SUSTAINABILITY ASPECTS

ECE relies on internationally recognized certification systems to transparently present information on the quality of its buildings with respect to sustainability aspects. This includes certification by the German Sustainable Building Council (DGNB), which is awarded to both new buildings and buildings already in use. The certification system adopts a holistic approach, which covers not only environmental, but also social, economic, and technical criteria. Depending on the degree to which the building fulfills the DGNB's criteria, certification is awarded in bronze, silver, gold, or platinum. In addition to DGNB certification, ECE also relies on BREEAM certification for existing buildings and for buildings in other European countries. BREEAM is a certification system for buildings that is widely used on an international scale. In the BREEAM system, projects receive ratings that range from Pass, Good, Very Good, Excellent, to Outstanding.

When constructing every new building and carrying out every major refurbishment, ECE assesses the potential for improvement in terms of sustainability. If possible, it has the positive performance of its buildings confirmed via recognized certifications. At the end of the reporting period, 89 of ECE's shopping centers and 32 of its special properties had been awarded a main or pre-certificate from the German Sustainable Building Council (DGNB) or had been awarded BREEAM certification. These certifications guarantee that in addition to energy efficiency and other environmental aspects, sociocultural aspects have also been taken into account.

CERTIFICATES IN 2021

ECE Marketplaces



BREEAM® DE



ECE Work & Live



GRI CONTENT INDEX



This report was submitted to the GRI for review by the GRI Materiality Disclosures Service. The GRI Services team has confirmed that the materiality disclosures (GRI 102-40 – 102-49) are correctly positioned in the report.

Disclosure	Page number	Comment/omission
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
GRI 102-1: Name of the organization	p. 123	ECE Group GmbH & Co. KG
GRI 102-2: Activities, brands, products, and services	pp. 7 – 9	
GRI 102-3: Location of headquarters		Hamburg
GRI 102-4: Location of operations		International subsidiaries and joint ventures
GRI 102-5: Ownership and legal form		GmbH & Co.KG
GRI 102-6: Markets served		International subsidiaries and joint ventures
GRI 102-7: Scale of the organization	pp. 9, 23, 37, 49	Success you can measure
GRI 102-8: Information on employees and other workers	pp. 112 – 113	
GRI 102-9: Supply chain	pp. 111 – 114	
GRI 102-10: Significant changes to the organization and its supply chain		None
GRI 102-11: Precautionary principle or approach	pp. 114, 116	
GRI 102-12: External initiatives	p. 118	
GRI 102-13: Membership of associations		Memberships
GRI 102-14: Statement from senior decision-maker	p. 3	
GRI 102-15: Key impacts, risks, and opportunities	pp. 10 – 13	
GRI 102-16: Values, principles, standards, and norms of behavior	p. 116	
GRI 102-17: Mechanisms for advice and concerns about ethics	p. 116	
GRI 102-18: Governance structure		Management and Supervisory Board
GRI 102-40: List of stakeholder groups	p. 108	
GRI 102-41: Collective bargaining agreements	p. 113	
GRI 102-42: Identifying and selecting stakeholders	p. 108	
GRI 102-43: Approach to stakeholder engagement	p. 108	
GRI 102-44: Key topics and concerns raised	pp. 109 – 110	
GRI 102-45: Entities included in the consolidated financial statements		Subsidiaries and joint ventures
GRI 102-46: Defining report content and topic boundaries	pp. 109, 111	
GRI 102-47: List of material topics	p. 111	

Disclosure	Page number	Comment/omission
GRI 102-48: Restatements of information	p. 114	Prior-year KPI data only available in forecast form in the previous year has been updated with actual figures.
GRI 102-49: Changes in reporting		None
GRI 102-50: Reporting period		2020 – 2021
GRI 102-51: Date of most recent report		June 2021
GRI 102-52: Reporting cycle		Annual
GRI 102-53: Contact point for questions regarding the report	p. 123	
GRI 102-54: Claims of reporting in accordance with the GRI Standards		This report was prepared in accordance with the GRI Standards using the “Core” option.
GRI 102-55: GRI Content Index	pp. 120 – 122	
GRI 102-56: External assurance		None

Material topics

GRI 205: Anti-Corruption 2016

GRI 103: Management Approach 2016 (including 103-1, 103-2, and 103-3)	pp. 116 – 117	
GRI 205-2: Communication and training about anti-corruption policies and procedures	p. 117	

GRI 302: Energy 2016

GRI 103: Management Approach 2016 (including 103-1, 103-2, and 103-3)	p. 114	
GRI 302-1: Energy consumption within the organization	p. 114	

GRI 305: Emissions 2016

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GRI 305-5: Reduction of GHG emissions	p. 115	

GRI 306: Waste 2020

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306-1: Waste generation and significant waste-related impacts	p. 115	
306-2: Management of significant waste-related impacts	p. 115	
306-3: Waste generated	p. 115	

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GRI 103: Management Approach 2016 (including 103-1, 103-2, and 103-3)	pp. 105, 118	
GRI 413-1: Operations with local community engagement, impact assessments, and development programs	p. 118	
GRI 416: Customer Health and Safety 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, and 103-3)	p. 118	
GRI 416-1: Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	p. 118	

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