

ECE REAL ESTATE PARTNERS

CONTINUING TO GROW WITH KNOWLEDGE AND EXPERTISE

- The first property in ECE Real Estate Partners' new hotel fund is the Bonvecchiati building complex in the heart of Venice.

Seizing investment opportunities during the crisis – the fund management company ECE Real Estate Partners is expanding its activities and launching its first hotel fund, the ECE European Lodging Recovery Fund. The company also sees excellent growth opportunities in the shopping center sector with its value-add strategy and is planning further acquisitions.

Off to Venice! The first property in ECE Real Estate Partners' new hotel fund is the Bonvecchiati building complex in the heart of the lagoon city. The property was acquired as a joint venture together with Soravia and Denkmalneu, two experienced real estate developers. "The ensemble consists of two hotels, a residential property, and complementary retail space – just 150 meters from St. Mark's Square, directly on the main thoroughfare to the Rialto Bridge, with its own jetty for water taxis," explains Dr. Volker Kraft, Managing Partner of ECE Real Estate Partners.

The hotel had been family owned and privately operated for decades. "We acquired this ensemble with the intention of refurbishing it over the next two or three years and developing the two hotels into one hotel," Kraft says. Spanning more than 10,000 square meters, it is one of the largest hotel complexes in Venice. This makes the hotel space especially interesting for international brands and operators, he says, since Venice, with its rather fragmented structure, has few options for a hotel with nearly 200 rooms. Its positioning in the high-end lifestyle segment is intended to act as a unique selling point in the local market.

"Development expertise, an excellent investment track record, and access to operator know-how – these are the building blocks that will allow us to continue our successful history of investing in shopping centers in the hotel segment as well," says Kraft, referring to ECE's unique experience, including in the field of hotel real estate. The 100-million-euro investment in Venice is a prime example of the new hotel fund's strategy, which focuses on outstanding locations in Europe and pursues an active value enhancement strategy. The aim is to accumulate a portfolio of eight to ten hotels. >

© ECE REAL ESTATE PARTNERS

© ECE REAL ESTATE PARTNERS



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

But the success story is also set to continue in the shopping center sector. With a portfolio of 24 shopping centers in prime locations in seven European countries, the company has come through the crisis well, explains Markus Schmitt-Habersack, also Managing Partner of ECE Real Estate Partners. "We worked with our tenants in a spirit of partnership and accepted temporary rent reductions during the periods in which the centers were closed." With more than 2,500 leases in the portfolio, there were only twelve vacancies due to bankruptcies. "Demand for prime locations remains high. In difficult times, people always take refuge in quality. With our value-add portfolio, we are benefiting from this to an extreme degree," says Schmitt-Habersack.



And what about structural change in the retail sector? At the moment, the discussion about change processes in the retail sector is being reduced to online commerce and digitalization far too much, Kraft believes. Much more important drivers of this change are consolidation processes among merchants and internationalization in the retailer environment. And last but not least, changing consumer habits. "People shop differently today than they did ten or twenty years ago. We have a tremendous opportunity to participate in this structural change at our shopping centers. And if we're really smart, we will anticipate it and preempt it in some ways," Kraft says.

For example, food and beverage outlets used to account for three percent of a center's floor space, whereas today they account for ten to 15 percent, explains Schmitt-Habersack. The share of space occupied by fashion retailers will decline in the future, while health, sports, hardware, electronics, and entertainment will grow. According to Kraft, "change processes are taking place that we can incorporate into our shopping centers extremely well. We believe that the future of retail is the seamless integration of online and brick-and-mortar commerce. In this respect, we are perfectly positioned via ECE with the Digital Mall and at the forefront of development. Shopping centers will continue to play a vital role in the omnichannel world of the future." //

"DEMAND FOR PRIME LOCATIONS REMAINS HIGH. IN DIFFICULT TIMES, PEOPLE ALWAYS TAKE REFUGE IN QUALITY."

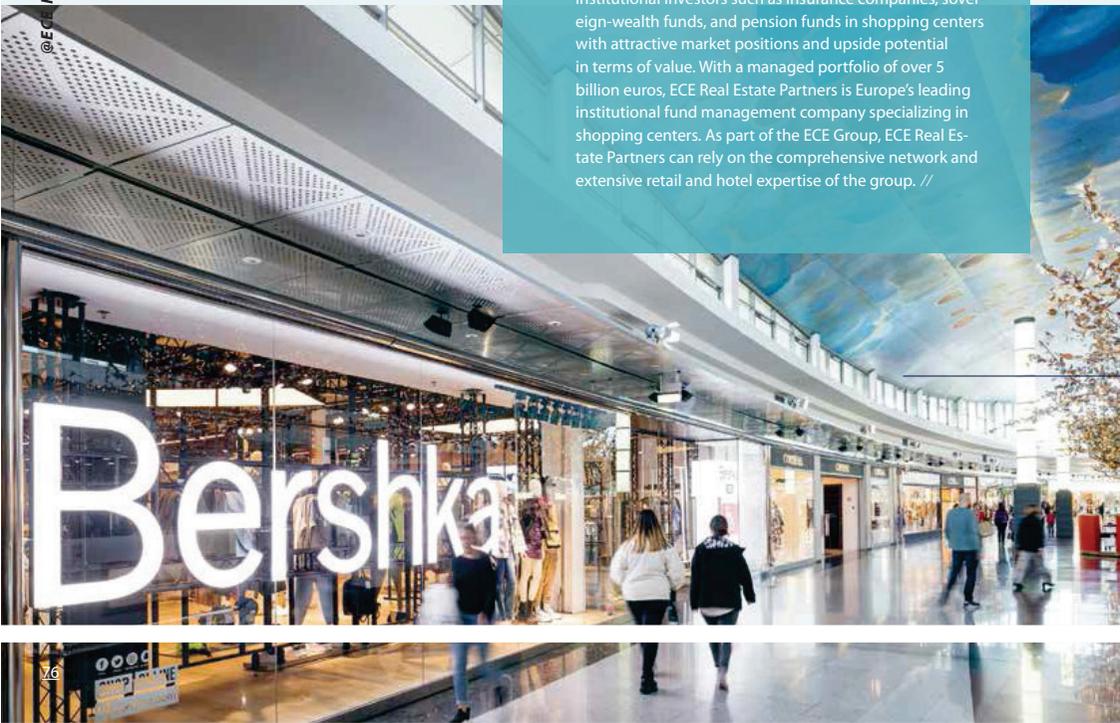


**MARKUS SCHMITT-HABERSACK,
MANAGING PARTNER OF
ECE REAL ESTATE PARTNERS**

ECE REAL ESTATE PARTNERS

ECE Real Estate Partners is licensed as an alternative investment manager (AIFM) and, for more than ten years, has been successfully investing funds from international institutional investors such as insurance companies, sovereign-wealth funds, and pension funds in shopping centers with attractive market positions and upside potential in terms of value. With a managed portfolio of over 5 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 rely on the comprehensive network and extensive retail and hotel expertise of the group. //

24
SHOPPING CENTERS
AT PRIME LOCATIONS



@ECE REAL ESTATE PARTNERS

@ECE REAL ESTATE PARTNERS