

PRESS RELEASE

Redevco Enters European Hotel Market with more than €80 Million in Six Iberian Acquisitions

- Driving the professionalisation, sustainability and local community integration of the 'shared economy' hospitality and travel accommodation formats
- Six seed assets acquired across Spain and Portugal for more than €80 million for new Joint Venture (JV) platform
- Repurposing and repositioning assets to create modern, sustainable tourist accommodation, making cities of the future more liveable and sustainable

Amsterdam, October 6, 2022 – Redevco, one of Europe's largest privately-owned urban real estate managers, has entered the European hotel market with the acquisition of six assets across Spain and Portugal for over €80 million. The investments in Lisbon, Bilbao, Seville, Porto, and Malaga are to seed the launch of Redevco's 'Next Gen Stays' joint venture platform. The goal of the strategy is to capitalise on the post-pandemic resurgence and growth in the youth tourism and experience travel market and aggregate a professionally managed portfolio in a rapidly evolving and fast-expanding sector. Next Gen Stays fits Redevco's strategic focus on creating vibrant places in dynamic urban locations, and thereby helping cities to become more liveable and sustainable.

The Next Gen Stays investment strategy is targeting a net levered IRR of 15%+ over a five-year period. Redevco is acquiring strategically located under-exploited real estate with local character and redevelopment potential. The assets are pre-leased to a professional operator at the time of acquisition, and will be redeveloped to create authentic, sustainable, good value accommodation. The intention is to initially build a €250 million portfolio in the Iberian markets with a like-minded JV partner, before expanding into a pan-European hotel vehicle* with a target €500 to €700 million investment volume.

The strategy is also targeting the strong sustainability and social returns that can be achieved through repurposing architecturally interesting but outdated buildings and upgrading their environmental footprints. The completed refurbished hotels will be compatible with Redevco's mission of making its entire real estate portfolio net carbon neutral by 2040.

Israel Casanova, Managing Director Global Transaction Management Redevco, said: "By marrying Redevco's strong retail and urban regeneration real estate investment track record with best-in-class hotel operators, our Next Gen Stays strategy plays to the latest upcoming travel and consumer trends. The vast online 'sharing economy' market that Airbnb identified and opened-up is now professionalising in a more community-focused way. Our Next Gen Stays hotels form a distinct market sub-segment to target the younger, tech savvy and sustainable travellers that are increasingly seeking out authentic, high quality yet affordable experiences."

Next Gen Stays Investments in High-Scoring Redevco City Attractiveness Locations

All the target cities score highly on Redevco's European City Attractiveness research framework: 11 of the top 65 cities in Europe are in Spain and Portugal. This proprietary research has also guided the manager's successful restructuring of its previously mainly retail investment portfolio over the past decade. The retail and hotel markets have common consumer drivers, which means that urban centres with strong city quality indicators such as a vibrant tourist market; a prevalence of creative professionals; a relatively younger demographic and multiple 'points of visitor interest,' tend to display investment outperformance in both property sectors relative to urban centres at the lower end of Redevco's rankings.

Redevco's core retail portfolio, formed by the City Attractiveness research, has realised an average compound total investment return of 7% annually since 2012 in the face of surging competition from e-commerce and the recent Covid-19 pandemic. It has thus consistently outperformed the benchmark INREV Retail Index for non-listed pan-European real estate which generated an average compound total investment return of 3.8% a year over the same period.

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Seed assets acquired for Next Gen Stays JV platform to-date

Spain: Bilbao, Seville, and Malaga

Portugal: Lisbon and Porto

Redevco high-profile transformational projects:

- Mercado San Miguel, the second most-visited tourist destination in Madrid;
- One Tower Bridge, the F&B and leisure hotspot in central London;
- Redevelopment of a former C&A store in Hamburg into a retail, hotel, and F&B Net Zero Carbon landmark building.

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About Redevco:

Redevco, part of COFRA Holding AG, is a European real estate urban regeneration specialist with a clear ambition to create positive impact by helping cities become more sustainable and liveable. On behalf of our clients Redevco invests in properties with a view to developing future-proof and vibrant places in dynamic urban locations where people want to live, work and play. Our specialist investment strategies consider opportunities to re-purpose to mixed-use, in the segments of living and leisure & hospitality as well as in retail warehouse parks. Together with the local real estate knowledge and the scale of our pan-European platform Redevco can create value for both investor clients and occupiers. Our highly experienced professionals purchase, develop, let, and manage properties, ensuring that the portfolios optimally reflect the needs of Redevco's clients. We believe in long-term investments where quality and sustainability are key. Redevco has a majority stake in redos, a Hamburg-based large-scale retail and urban logistics property investment specialist. redos retains its operational independence and experienced senior leadership. Redevco's total assets under management, incl. redos, are around €9.7 billion.

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