



Analyst Conference Call

Logistics – A New Hope?

E-commerce Impacts Real Estate

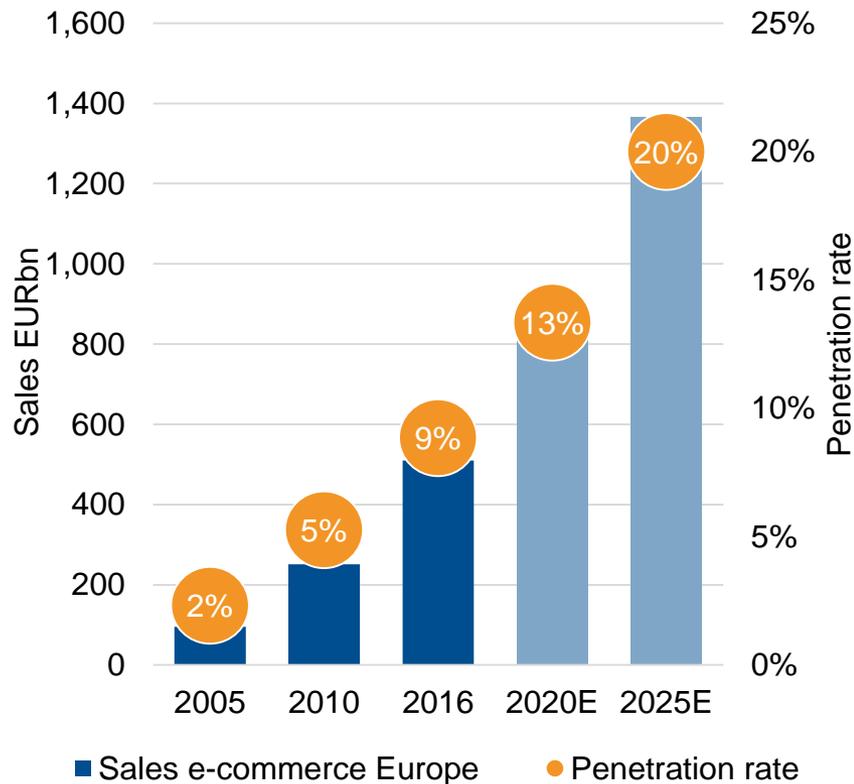
Philipp Wass
22 March 2017



E-commerce impacts real estate

E-commerce: further room for growth

Forecast: development of sales



- Relatively low penetration rate of 9%
- Demographic trend to a more-connected population
- Mentalities have changed to 'IWWIWWIWI'¹



E-commerce impacts real estate

Transforming European Retail industry: two possibilities left

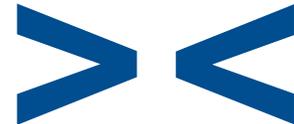
Refocus



Business risk profile (-)
Financial risk profile (+)

Two Options

Compete



Business risk profile (+)
Financial risk profile (-)

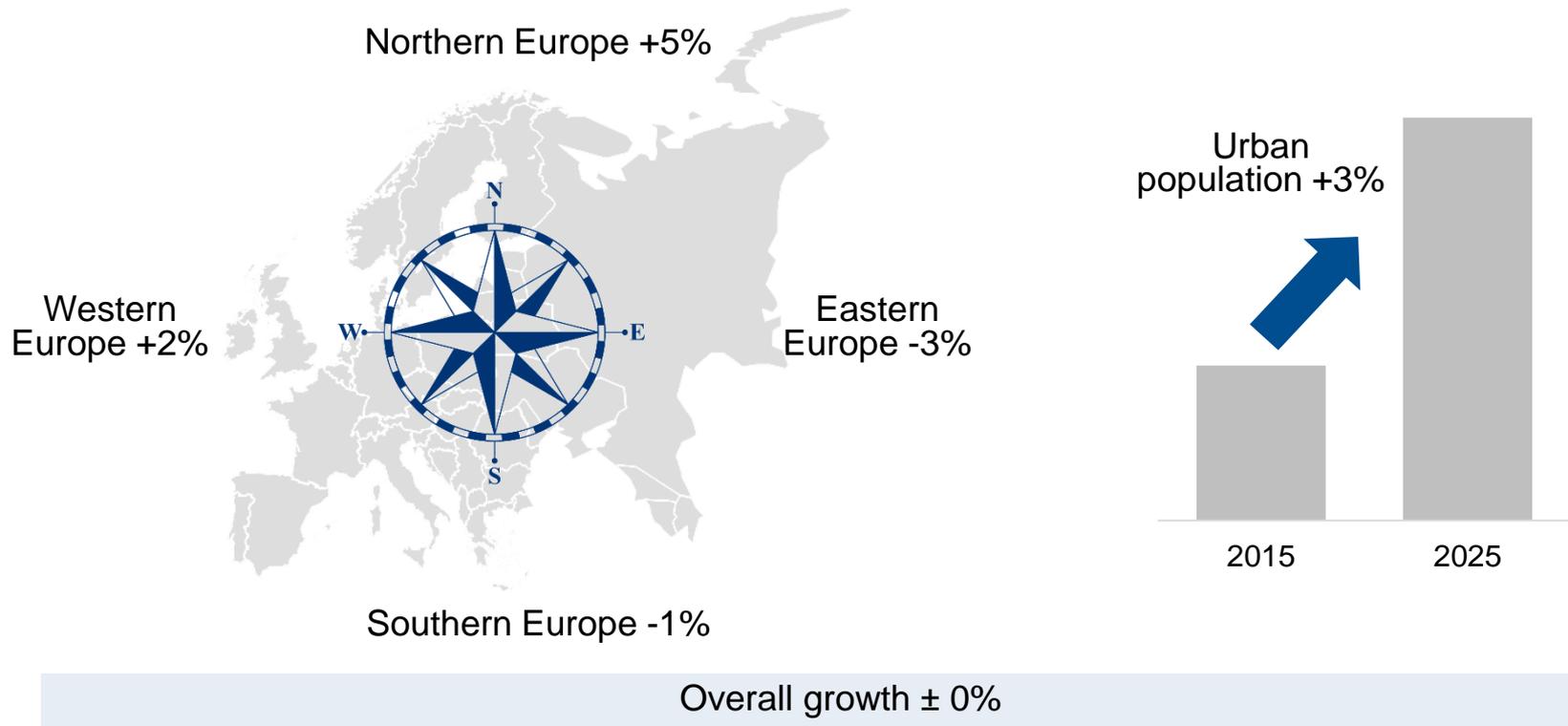
E-commerce impacts real estate

Demand drivers for retail space

E-commerce impacts real estate

Demographics with neutral effects on retail space

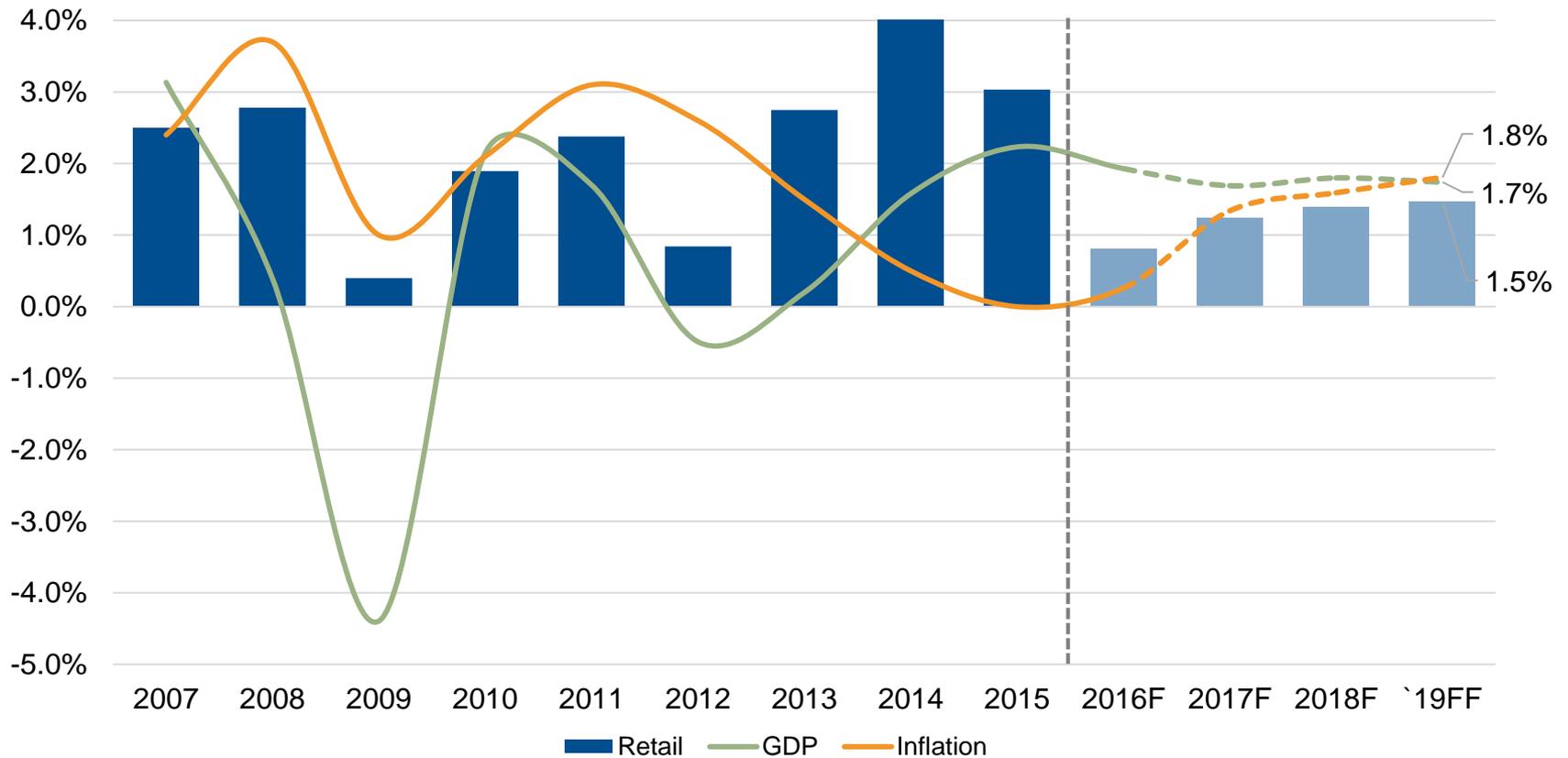
Europe population forecast 2015 - 2025



E-commerce impacts real estate

Marginal support from economic environment

Annual growth rates (European Union incl. UK)

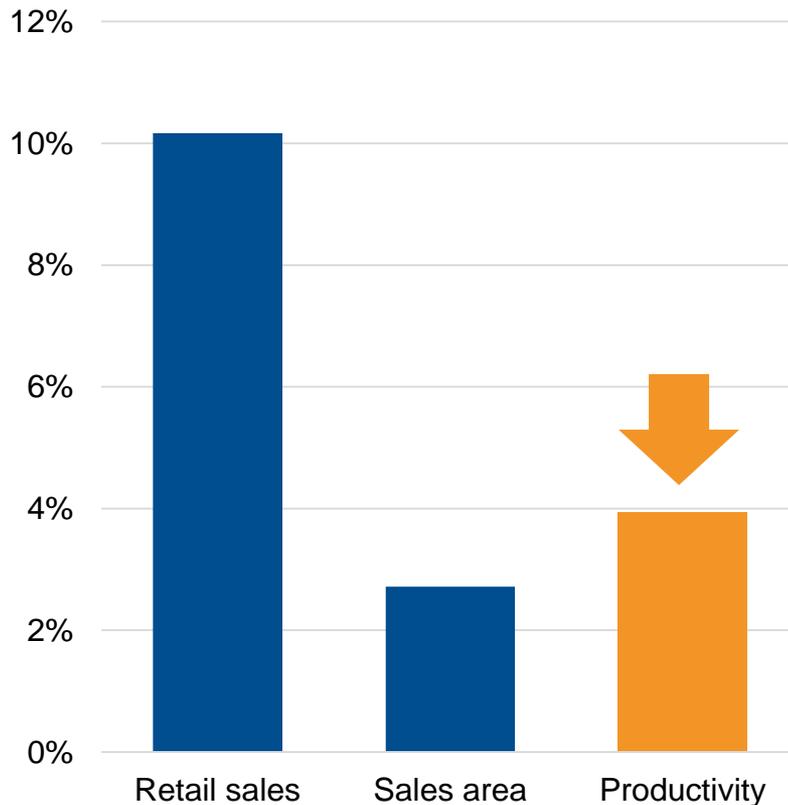




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Does muted growth of sales area productivity support demand?

Growth between 2012 and 2015



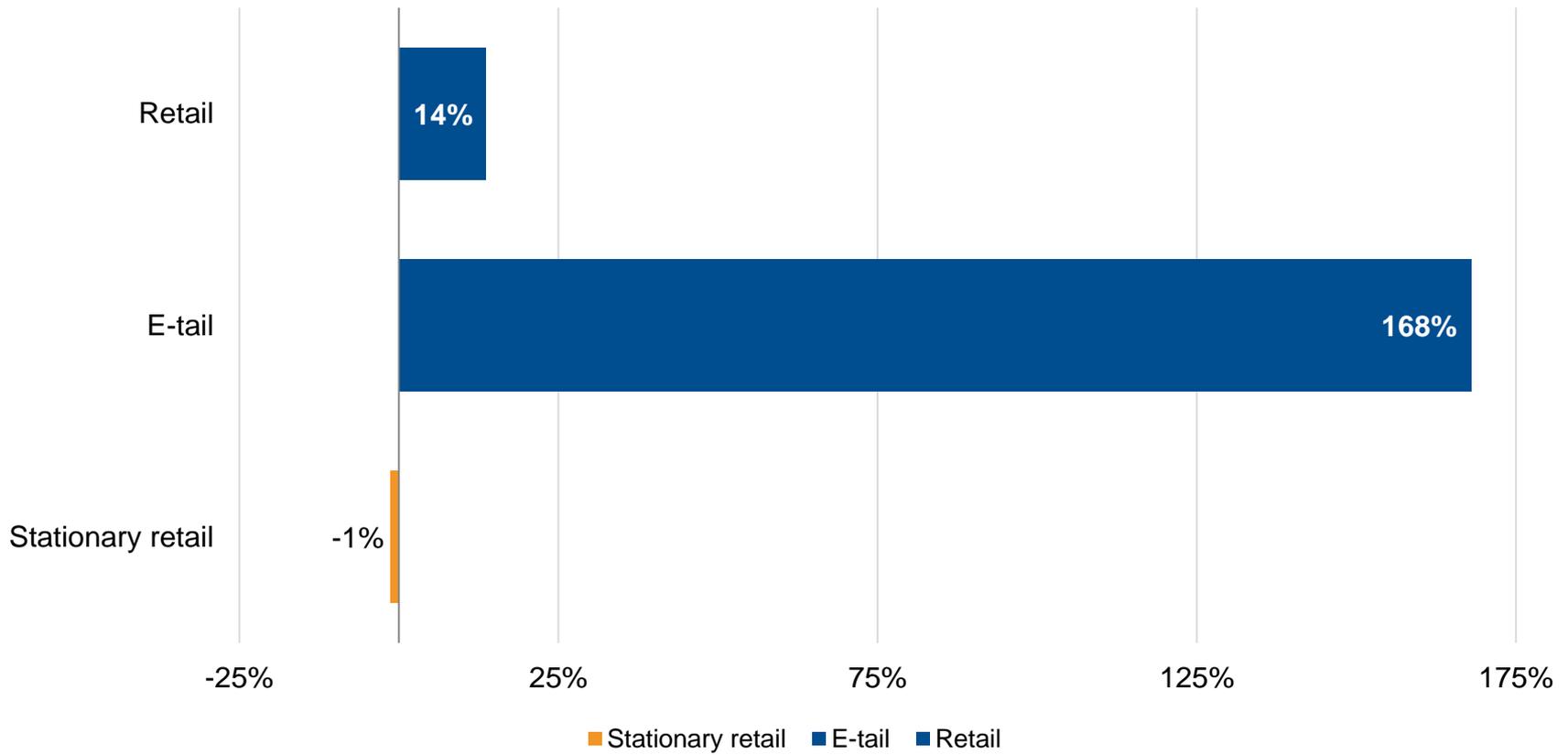
- + Support provided by meagre growth of sales area in the past
- + Delay in adjustments of retail space in use, due to long-term contracts
- Sales generated without the need for physical locations (e-commerce)



E-commerce impacts real estate

Strong growth of e-commerce a key driver of expected retail growth

Growth of European retail and sub-industries, 2016-2025



E-commerce impacts real estate

Weaker demand for retail space as e-commerce dominates retail growth

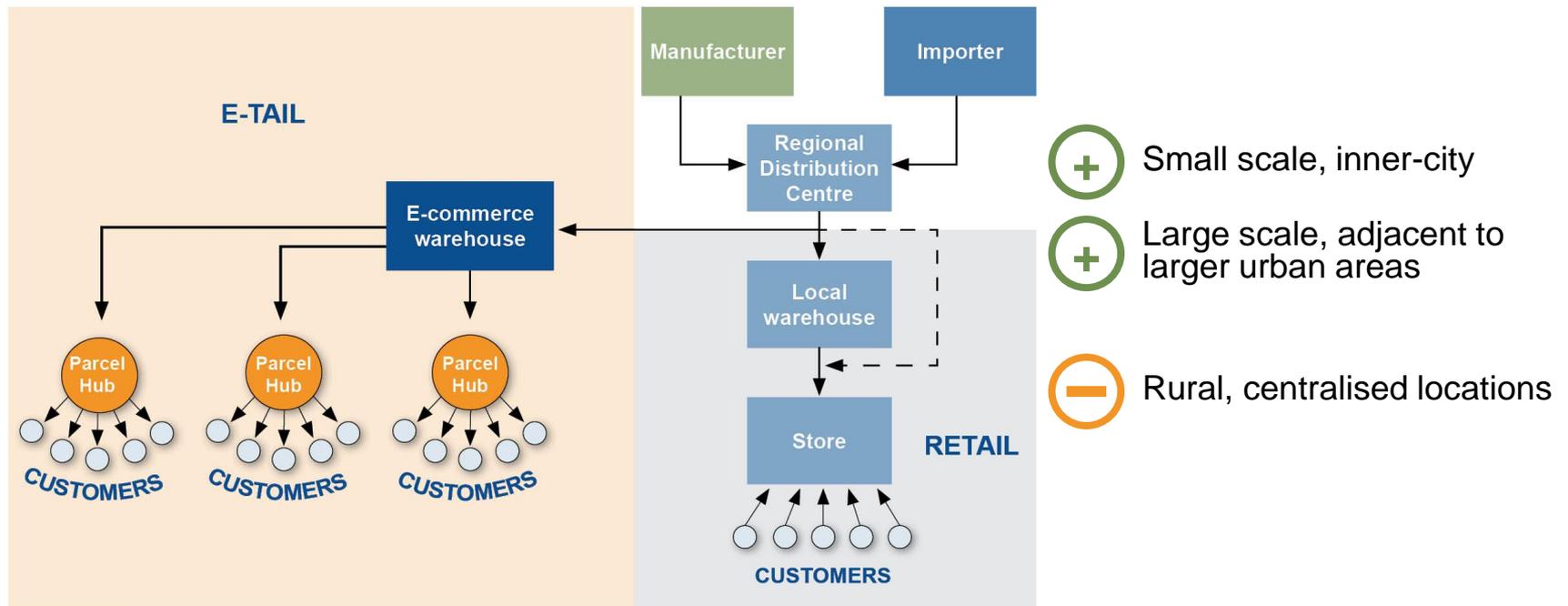


E-commerce impacts real estate
Bright future for logistics?

E-commerce impacts real estate

Relocation within and adjacent to larger urban areas

Focus on „last mile“





E-commerce impacts real estate

E-commerce requires three times the logistics space of traditional retailers

3x

Logistics space consumption from e-commerce

- (+) Inventory turnover
- (+) Product range
- (+) Outbound shipping space
- (+) Reverse logistics



Increase of demand for logistics space through 2025



E-commerce impacts real estate

Outlook



E-commerce impacts real estate

Logistics - Kicking out the real estate intermediary

Amazon Plans To Build A \$1.5 Billion Air Cargo Hub (Forbes 01.02.2017)

UPS Accelerates Transformation Of Its Smart Logistics Network (Corporate News 21.02.2017)

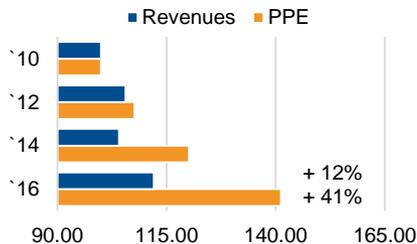
Zalando enlarges international logistics network (FAZ 18.08.2016)

ECE and Hermes Germany launch the fourth of nine logistics centres in a row (REP 23.02.2017)

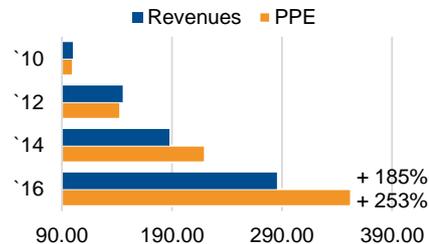
XPO Logistics Supports 'Fast Fashion' Start-up Missguided's Rapid Growth with New Logistics Hub (Corporate News 26.09.2016)

Zalando to build fulfillment center in Lahr (Corporate Website 17.09.2015)

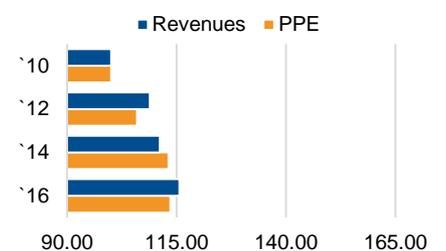
Logistics



E-tail



Retail

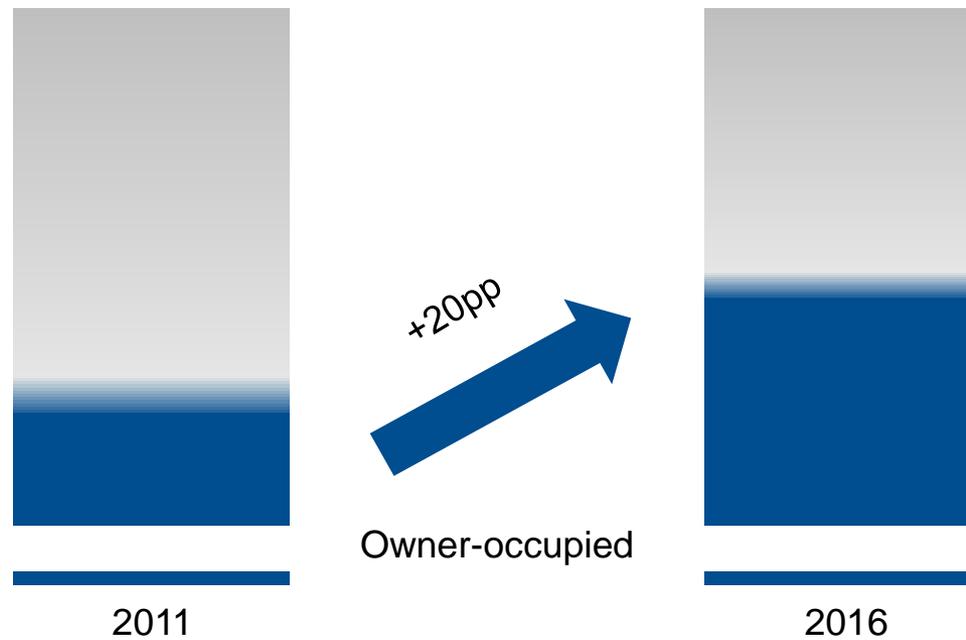




E-commerce impacts real estate

Logistics - Kicking out the real estate intermediary

Increasing share of owner-occupied logistics developments





E-commerce impacts real estate

Logistics - higher risk





E-commerce impacts real estate

Logistics - A new hope!



A New Hope

... but investors must to do their homework



Questions?

Please use the “chat” window on the right hand side



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