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## Union Investment rejuvenates real estate fund portfolio

- **Portfolio turnover in 2014 increased to 15 per cent of property assets**
- **Acquisition portfolio 11 years younger than sales portfolio**
- **Continuing strong activity on acquisition side at around EUR 2.5 billion**

Union Investment is stepping up the turnover rate in its real estate fund portfolios. In 2014, property acquisitions and sales accounted for 15.3 per cent of real estate assets, which have a total value of around EUR 22.8 billion. Portfolio turnover in the prior year was 13.1 per cent. Faster portfolio turnover further improved the age profile of the real estate funds, with the average economic age of the real estate assets held in Union Investment's retail funds currently being 9.9 years. The portfolio is thus 0.3 years younger than at year-end 2011. "We remain committed to the policy of active portfolio management we adopted many years ago," said Dr. Reinhard Kutscher, Chairman of the Management Board of Hamburg-based Union Investment Real Estate GmbH. "Rejuvenating the portfolios is an active precaution against risk. It serves to optimise the holdings on an ongoing basis, securing future income and value for our 800,000 private investors and many institutional investors."

In addition to acquiring recently built, high-yield properties which also meet the latest technical standards, the high volume of sales in the last three years has made a key contribution to the significant reduction in the age of existing holdings. Since 2012, Union Investment has successfully divested more than 60 commercial properties with a total value of around EUR 2.5 billion and an average age of 17 years. During the same period, acquisitions worth some EUR 7.2 billion were made for the retail and special funds. The high proportion of new builds and development projects is reflected in the fact that the new additions have an average age of 5.7 years. "The newly acquired properties are a good eleven years younger than the sales portfolio – which represents an important contribution to future-proofing our holdings," said Dr. Reinhard Kutscher. In the course of optimising the portfolio, Union Investment also succeeded in boosting the already high occupancy rates in all its open-ended real estate funds. The rates for Unilmmo: Deutschland (currently 97.1 per cent) and Unilmmo: Europa (94.7 per cent), Unilmmo: Global (96.3 per cent) and UnilInstitutional European Real Estate (96.9 per cent) are

now significantly (up to six percentage points) above the levels recorded at 31 December 2011.

## **Targeting global hotel and retail markets**

Last year, Union Investment's total transaction volume was EUR 3.5 billion, spread over 53 acquisitions and sales. At EUR 2.5 billion, acquisitions for the retail and special funds exceeded the two billion euro mark, as in the previous two years. Around half of the 30 properties were acquired for the account of institutional real estate products. At almost 70 per cent of the total, the bulk of the investment was in European markets outside Germany. Union Investment also expanded its international investment base by entering the Australian market with an acquisition in Brisbane, returning to the Tokyo market and making its first investment in Minneapolis/USA. "We intend to build on this strong start to grow internationally in the high-demand hotel and retail segments over the next two to three years," commented Dr. Reinhard Kutscher.

Union Investment also significantly increased its sales volume in the past year. Sales reached their highest level since 2011, at around EUR 1 billion, and comprised 23 individual transactions. High global demand for real estate was leveraged to take profits in high-priced markets such as London and Paris and to sell older properties or those that no longer fit the strategy, such as business parks.

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