

# Growing and diversifying to drive greater impact

Summary Report 2021





*Hollandse Meesters, Amstelveen*



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**Andrew Vaughan** CEO

**“We strongly believe that we can make cities nicer environments for citizens and visitors alike, by helping them become more sustainable and liveable.”**

# Transforming our cities into sustainable and liveable urban spaces

2021 proved to be a year full of twists and turns. At the start we were more hopeful, expecting to leave the pandemic behind us soon, but that was not the case. The restrictions had their impact on cities and urban areas, where Redevco is mainly invested.

Despite the enormous influence of COVID-19, both the economy and the real estate sector have shown incredible resilience. I was positively surprised how quickly people returned to cities for work, leisure, retail and to live, reminding us all that we are social animals at heart, and we do not want to do everything at home on our laptops. COVID-19 has accelerated the shift to considering environmental and social impact when deciding where and how we invest. To ultimately help our cities to make the transition to a cleaner, quieter and more sustainable future.

## **Cities need to transform at their core**

Cities face incredible challenges to become more digital and sustainable and find ways to adapt to meet the changing needs of people. We strongly believe that we can help make cities nicer environments for citizens and visitors alike, by helping them become more sustainable and liveable. We will do what we can to

improve the ESG performance of the portfolios we manage. In addition, we will actively contribute to changing the real estate investment and management sector to become low carbon, circular and resource efficient.

## **Retail assets become multifunctional destinations**

We believe the best 'value' will be found in retail for those that understand the sector and are not afraid to take development risk to curate mixed-use environments that serve local needs and show positive social impact on the community. There is still a place for prime retail in quality locations and we have seen footfall bounce back in central, well-connected areas where consumers are demanding experiential shopping.

To help transform cities, there is a huge opportunity to redesign existing retail stock into multifunctional destinations: we have already

## “Within our growth and diversification plans we will continue to focus on making our entire portfolio Net Zero Carbon by 2040.”

been doing this for quite some time. A good example is the redevelopment of a property in the heart of Hamburg. Here we are creating a sustainable, mixed-use building with a floor space of around 15,000 m<sup>2</sup> across ten floors. We are striving to make the new building as low carbon as possible from a whole lifecycle perspective, with the focus on an intelligent, sustainable energy concept and the recyclability of raw materials. Projects like these offer a mix of commercial uses in response to new ways of living and working in a society that is undergoing radical change.

### **Making our way into the residential sector**

As cities attract more people, the need for more homes is apparent. We made two residential acquisitions in 2021. The Porseleinen Toren in Delft, the Netherlands, is a good example of creating suitable housing in one of the most densely populated parts of the country where there is also a massive shortage of high-quality rental accommodation. The development will be equipped with innovative technologies to minimise energy consumption, in line with our sustainability strategy. Another example is our Hollandse Meesters residential development. The apartments form part of a new complex at a former office location just 20 minutes from Amsterdam and will provide high-quality, sustainable homes in an area where, like in Delft, there is a huge housing shortage. These

acquisitions are entirely aligned with our goal to invest in residential properties in the most attractive cities across Europe, and to help these areas become more sustainable and liveable.

### **Diversification and growth to drive greater impact**

In addition to repurposing existing assets and investing in the residential sector, we plan to grow and diversify into other real estate sectors within the urban environment, which will enable us to increase our ability to make a positive impact. Our specialist investment strategies also focus on creating leisure and hospitality opportunities and modernising the retail warehouse parks landscape. In this context of growth and diversification, partnerships will play an increasingly vital role. They will include our existing clients as well as new ones, as we increase the number of separate accounts and create new joint ventures and other opportunities to collaborate. As a further option, we are also considering the acquisition of platforms that fit our strategy. Within our growth and diversification plans, we will continue to focus on making our entire portfolio Net Zero Carbon by 2040. This means that Environmental, Social and Governance (ESG) will progressively become an integral part of our investment approach, with a core focus on reducing carbon emissions and adding social value to the communities in which assets are located and developed.



### **Our organisation is evolving**

To help drive the diversification of the portfolios we manage across property sectors and to establish investment strategies accordingly, Marrit Laning was added to the Redevco Board in the role of Chief Strategy and Innovation Officer. Marrit will also be harnessing the latest innovations with regard to the future of real estate and bring innovative solutions to the table to accelerate our sustainability journey. In 2021, we launched our NextGen Board as a platform for the young talent of our company. We have invited eight individuals from different functions, cultures and locations to provide new ideas and perspectives to strengthen our business now and in the decades to come. As Redevco's Board, we are looking to be challenged by our younger employees, who bring creative solutions, less traditional views and their personal, relevant experience to the table. Our NextGen Board represents the voice of Redevco's future.

My heartfelt thanks to the Redevco team for the positivity and commitment with which they have continued to run our business in a challenging working landscape. The drive they have shown is widely shared and expressed by our stakeholders: it is the passionate determination to not just overcome our immediate challenges, but to collectively and responsibly transition to a low-carbon, circular industry and transform our cities into nourishing, vibrant urban spaces for the future.



**Andrew Vaughan**

CEO Redevco

## HIGHLIGHTS 2021

### Mission 2040

- Commitment letter to the Science Based Targets Initiative (SBTi) to set a GHG emissions reduction target in line with the 1.5°C scenario of the Paris Agreement.
- Signing of the World Green Building Council's Net Zero Carbon Buildings Commitment: a challenge to learn about and cut the whole life carbon emissions of our buildings and activities.



### Commitments

- Redevco is one of the industry frontrunners that committed to help and promote the Built by Nature initiative, sharing knowledge and experiences around timber construction as a critical climate solution.
- Partnership with other major real estate organisations on the Urban Land Institute's Fast Track to Decarbonisation project to speed up and scale up the built environment's urgent journey to carbon neutrality in Europe.



### Our road to Net Zero Carbon

- Creating a new climate-neutral, landmark building in Hamburg with 15,000 m<sup>2</sup> of floor space across ten floors. The design focuses on an intelligent, sustainable energy concept and cradle-to-cradle use of raw materials.
- Compensating the CO<sub>2</sub> footprint of our office operations with Land Life Company by reforesting degraded land in the region of Castile and León in northwestern Spain.
- Picking up the pace on Project Solar: 23 PV installations installed in 2021 representing 4.2 MWp on-site renewable energy generation capacity.
- Upgrading our asset at Vredenburg in Utrecht to achieve a BREEAM In-Use 'Excellent' rating in 2021.

### Health & Well-being

First global Redevco Vitality Week to create awareness about the importance of vitality.

## Residential

Acquisition of two sustainable housing developments: the 'Porseleinen Toren' (Porcelain Tower) in Delft and the 'Hollandse Meesters' in Amstelveen, both in the Netherlands.



## People & Culture

- Marrit Laning was appointed to the Redevco Board as Chief Strategy & Innovation Officer to harness the latest innovations that shape the future of real estate.
- Sharing is caring! We organised two Redevco roundtables around future cities and ESG for both internal and external contacts.
- The NextGen Board was established to promote an inclusive culture, acknowledge the value of diversity and leverage talent.

## Acquisitions and investments

- Acquisition of Templars Square in Oxford with a view to transforming this 1960s local shopping centre into a landmark, residential-led mixed urban scheme over the next decade.
- Investment in Fifth Wall's European PropTech Fund to accelerate our innovation journey, with special attention to accelerating our sustainability efforts.



## Redevelopments

The redevelopment of the shopping complex in the centre of Waterloo entered its final phase, aiming to obtain a BREEAM In-Use 'Excellent' rating in line with our ambition for all new buildings.

## TARGETS & KPIS 2021\*

SDGs alignment:



### ENVIRONMENTAL

Results 2020    Target 2021    Results 2021

#### Emissions

The impact Redevco has on climate change and biodiversity through the emissions from its own operations and the use of its assets under management.

Working towards a Net Zero Carbon portfolio by 2040.

**KPI:** Ensure reliable reporting on energy intensity and carbon emissions.

implement online energy data management system

implementation completed

Reduce (gross) CO<sub>2</sub> emissions of our business operations.

1,019\*\*

2,000  
(in 2025)

🟢 1,242

**KPI:** kgCO<sub>2</sub> emissions per employee (headcount).

#### Climate-resilient portfolio

The impact Redevco has on the adaptability of its portfolio against the potential effects of climate change through its new investments and design concepts.

Improve environmental performance of assets under management.

27

N/A\*\*\*

N/A

**KPI:** Number of improved BREEAM In-Use ratings.

### SOCIAL

Results 2020    Target 2021    Results 2021

#### Employer of choice

The impact Redevco has on employee engagement and retention by implementing good working conditions (including health, safety and well-being).

Improve engagement and enablement of our employees.

89%

85%

🟢 85%

**KPI:** Average engagement index score from Redevco Pulse.

#### Employee development

The impact Redevco has on employee engagement, retention and employability by offering employees personal and professional development opportunities.

Professional development of our employees.

87%

80%  
(annually)

🟢 95%

**KPI:** % of employees participating in training courses or development programmes.

Get the best out of our people by giving clear feedback and guidance on performance.

95%

90%  
(annually)

🟢 97%

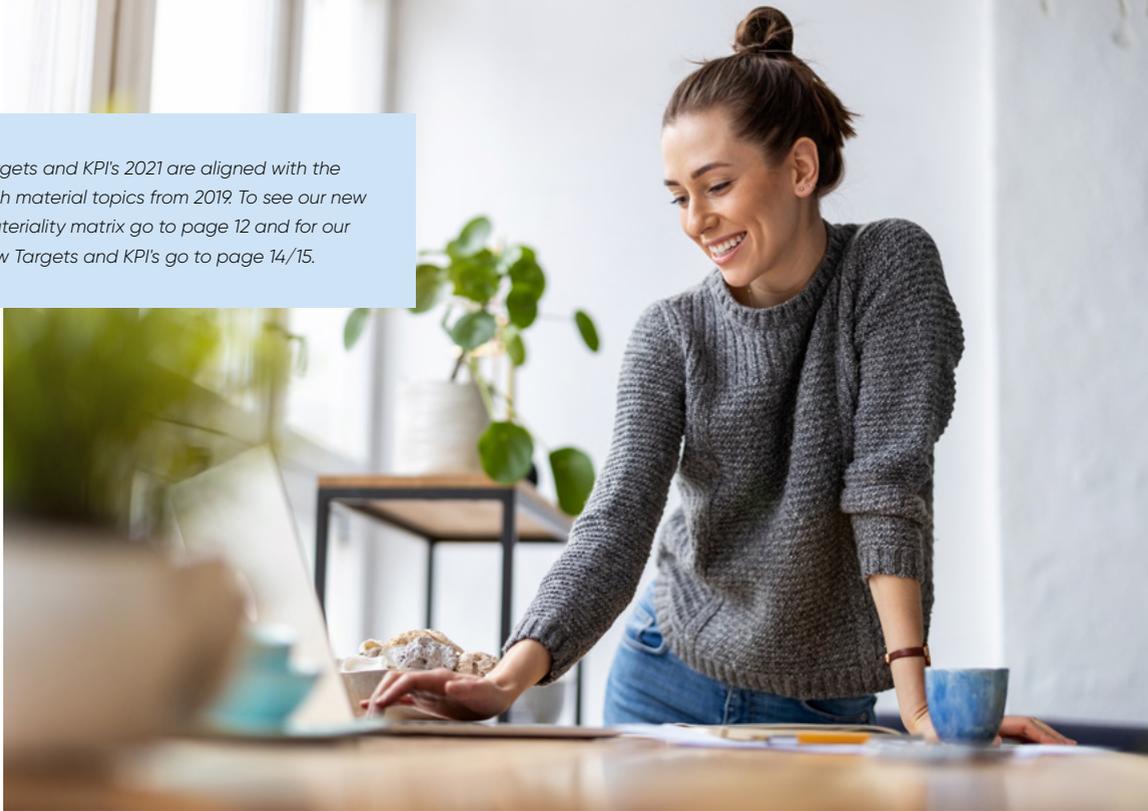
**KPI:** % of employees having received regular performance feedback.

\*Targets & KPIs 2021 are linked to our prior materiality assessment (2019) and high material topics, our new materiality matrix (2022) can be found on page 12 and targets & KPIs for 2022 on page 14/15.

\*\*Retrospectively we report a lower number here than last year, due to updated emission factors.

\*\*\*No new target was set for 2021 after the introduction of Mission 2040, because we adopted a new approach in the way we use BREEAM In-Use. For more information see page 22.

Targets and KPI's 2021 are aligned with the high material topics from 2019. To see our new materiality matrix go to page 12 and for our new Targets and KPI's go to page 14/15.



SDGs alignment:



## GOVERNANCE

Results 2020

Target 2021

Results 2021

### Encouraging responsible investment

The impact Redevco has on its investors through advocating its responsible investment philosophy and offering responsible investment products.

Reduce environmental risk and deliver sustainable risk-adjusted returns to clients.

52%  
(annually)

N/A\*

N/A

**KPI:** % of investment value allocated to BREEAM In-Use Very Good or better.

### Responsible governance

The impact Redevco has on its business continuity and stakeholders' trust by applying responsible governance (business ethics, integrity, regulatory compliance, etc.).

Maintain a high business integrity awareness.

100%  
(annually)

100%  
(annually)

🟢 100%  
(annually)

**KPI:** % of staff who signed BIP.

Comply with BIP, regulations and legislation.

0

0  
(annually)

🟢 0

**KPI:** Total number of incidents, breaches and sanctions as a result of non-compliance.

\*No new target was set for 2021 after the introduction of Mission 2040, because we adopted a new approach in the way we use BREEAM In-Use. For more information see page 22.

# Getting our priorities right

Redevco values stakeholder dialogue as a vital part of conducting effective materiality assessments. We engage with a wide range of stakeholders, including shareholders, investor clients, occupiers, suppliers and employees.

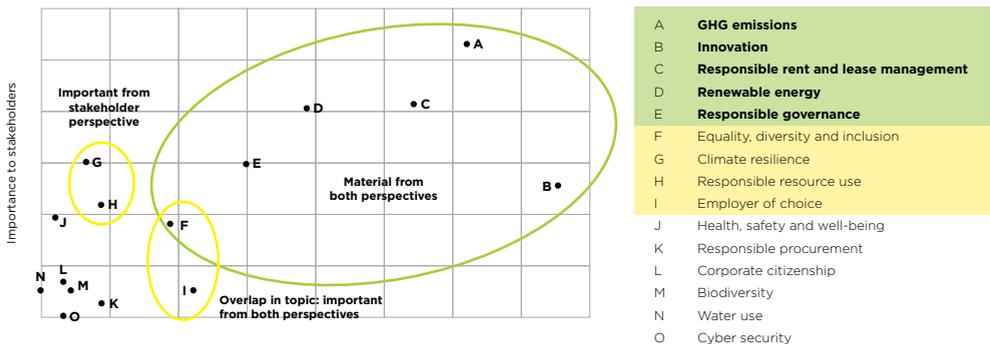
We update our materiality matrix every two years, consistent with the Global Reporting Initiative (GRI) guidelines. Our latest materiality assessment took place between December 2021 and February 2022. The assessment was executed by an external consultant. During this assessment we collected quantitative and qualitative input from key stakeholder groups: shareholders, investor clients, occupiers and employees. This materiality assessment identified eight material topics: Greenhouse gas

(GHG) emissions, Innovation, Responsible rent and lease management, Renewable energy, Responsible governance, Employer of Choice combined with Equality, Diversity & Inclusion, Climate resilience and Responsible resource use.

## Maturity

Our Management Team subsequently ran a maturity exercise that resulted in the top four most urgent topics: Climate resilience, GHG emissions, Innovation and Responsible rent and

Figure. Materiality matrix



We determined the relevance of topics by asking our Management Team and investors to assess and select their priority issues from double materiality perspective; based on the (potential) influence on our organisational performance and on the (positive or negative) impact we as an organisation can have on society with such issues.

\*Given that our RI Report is not a financial/integrated report, we deliberately filter the longlist and therefore shortlist of material topics to ESG related matters only.



lease management. These topics are important to our stakeholders, but not as mature as one might expect in our organisation. We will be implementing a number of improvements, that we are currently discussing, on these topics and will report on the results in our next Responsible Investment Report.

Our previous materiality matrix from late 2019 resulted in seven material topics: Climate-resilient portfolio, Emissions, Encouraging responsible investment, Social and environmental influence of portfolio, Responsible rent and lease management, Responsible governance and Employer of choice / Employee development. While there are similarities between the high-ranking material topics from the 2019/20 edition and the 2021/22 edition, we do note a sharpening of definitions and a slight shift

in importance of some topics on the matrix. A similar maturity exercise resulted in the top three most urgent topics: Climate-resilient portfolio, Emissions and Encouraging responsible investment. Over the past two years we have taken this feedback to heart and have been working on implementing various recommendations regarding these topics. Examples include adopting and publishing our ESG Policy on our website which describes our overall approach to a host of material ESG topics relevant to our business. We have also developed and implemented a climate risk tool for our portfolio, which allows us to take potential physical risks to real estate as a result of climate change into account in our investment proposals for both new acquisitions and significant redevelopments.

## NEW TARGETS & KPIS 2022\*



### ENVIRONMENTAL, SOCIAL & GOVERNANCE

#### Innovation

Investing in and piloting new concepts, designs, technology and data applications that put the users of our buildings and our investors first, making our business and assets under management future-proof.

- Deliver and execute a structured innovation approach (innovation Framework) to explore

opportunities and deliver best practices.

- KPI: Create an open-minded and broadly supported view on innovation
- KPI: Execute the innovation strategy
  - Pilot hardware and software technology relating to smart & sustainable buildings
  - Intelligence throughout the business
  - Explore opportunities for new services and business models

### ENVIRONMENTAL

#### GHG emissions

Managing and minimising our impact on climate change, caused by emissions from our (own or outsourced) operations and the use of our assets under management.

- Working towards a 50% reduction in absolute scope 1, 2 and material scope 3 carbon emissions by 2030, vs. a 2019 baseline, en route to a Net Zero Carbon portfolio by 2040
  - KPI: Smart meter coverage of 85% by number of rental spaces in our AuM
  - KPI: 5% reduction p.a. in absolute carbon emissions based on like-for-like AuM
- Reduce (absolute) CO<sub>2</sub> emissions of our business operations to 2,000 kg CO<sub>2</sub> per employee by 2025
  - KPI: 2,000 kg CO<sub>2</sub> emissions per employee (headcount)

#### Renewable Energy

Implementing renewable energy solutions and projects to generate renewable energy and reduce GHG emissions.

- Deliver Renewable Energy Generation Capacity

- KPI: Project Solar total installed capacity >11.5 MWp

#### Climate Resilience

Implementing effective measures to improve the ability for society to prepare for, recover from, and adapt to more frequent and severe weather, ocean warming and acidification, extended periods of drought and extreme temperatures, and other deleterious effects of climate change. Climate resilience is part of new investment decisions and development design concepts in all regions where we operate or consider operating.

- Use Sustainable Development Design Guide with design team partners at the outset of each (re)development to set specific climate mitigation and adaptation targets
  - KPI: All of Development Proposals at 'scheme sign-off' stage must demonstrate clear climate risk mitigation and adaptation measures
- Improve environmental performance and climate resilience of assets under management
  - KPI: Significant redevelopments must target BREEAM In-Use Excellent rating



\*Targets & KPis 2022 are linked to our new materiality assessment and material topics.

## SOCIAL



### Employer of Choice

Providing a work environment that facilitates health, safety, and well-being in order to stimulate employee engagement, development and employability.

- Improve engagement and enablement of our employees
  - KPI: 85% average engagement index score from Redevco Pulse
- Professional development of our employees
  - KPI: 80% of employees participating in training courses or development programmes
- Get the best out of our people by giving clear feedback and guidance on performance
  - KPI: 90% of employees having received regular performance feedback

### Equality, Diversity & Inclusion

Creating equal opportunities for all and offering a place where each employee is able to fulfil their potential and maximise their contribution.

- Continue our work on developing an environment of Equality, Diversity & Inclusion
  - KPI: Incorporate D&I-specific questions in the onboarding and exit survey (survey sent to all new joiners and all leavers)
  - KPI: Integrate topic into annual Business Integrity workshops and 90% of the organisation to participate in this workshop



## GOVERNANCE

### Responsible Rent & Lease Management

Engaging with and encouraging tenants in relation to their sustainability performance and creating optimal rent agreements to ensure a positive impact on the financial stability of our tenants.

- Increase tenant engagement on topic of sustainability
  - KPI: Evaluate & update Green Lease
  - KPI: Use Sustainable Development Design Guide in collaboration with prospective tenants as part of relevant (re)developments
- Encourage tenants to procure certified green energy
  - KPI: Complete an inventory of tenant energy procurement choices for 50% of tenants (by share of rent roll)

### Responsible Governance

Ensuring good governance (including business ethics, integrity and compliance) to ensure business continuity and trust.

- Maintain a high business integrity awareness
  - KPI: 100% of staff who sign BIP
- Comply with BIP, regulations and legislation
  - KPI: Total number of incidents, breaches and sanctions as a result of non-compliance is zero.

## CASE STUDY



At Mönckebergstrasse 9 in the heart of Hamburg, a new sustainable building will arise with a floor space of around 15,000 sqm across ten floors.



# Innovation is not a goal but a means

Innovation is a key enabler to fulfil our mission to contribute to liveable and sustainable cities. During our latest materiality assessment, the topic of Innovation made it into the top four most urgent topics. Our stakeholders expect us to take a leading position in this transformation driver and accordingly, in February 2022, we appointed Elsbeth Quispel in the newly created role of Head of Innovation. The role was created to build our capabilities in using new technologies and developing innovative concepts to advance our mission, helping to transform cities into vibrant hubs where people want to live, work and play.

Innovation touches just about every aspect of our industry and for Redevco it is most relevant in the areas of ecology, technology and intelligence. We aim to use innovation to accelerate our growth strategy, drive transformation and diversification, improve operational excellence and support our ESG ambition. The Strategy & Innovation team has undertaken a scan of the property technology landscape to identify the most relevant technologies to drive our business forward. The analysis identified three areas of interest for Redevco:

### Data & analytics

Data, or digital, is the largest technology type in property technology. Data is the fuel that allows many other technologies to function and provides the foundation for analytics, enabling predictive analytics, location intelligence, IoT predictive maintenance and more.

### Smart & sustainable buildings

Applying new (digital) technology is a critical tool to help the real estate industry become more sustainable. Its impact can be seen from initial design to well beyond construction. Think of BIM design, modular construction methods, smart HVAC technology, building sensors and smart cameras.

### Services & business models

Technology is supporting the creation of shared space platforms facilitated by services, tools and apps. For example: co-living, co-working, etc.



**Elsbeth Quispel**

Head of Innovation

# Investing responsibly in a global context: more than just commitments

Commitments are important – of course they are – but words and statements of intent will not slow the carbon clock for our planet by a second. 2021 saw the continuation of lockdowns and restrictions due to the ongoing pandemic and brought the realisation that we will have to learn to live with the impacts of COVID-19 for some time to come.

It also brought an even greater realisation by many of the likely consequences of the climate emergency in which civilisation finds itself, on top of the health emergency. That spurred an exponential increase in the number of corporates making Net Zero commitments and pledges in advance of COP26, which took place in Glasgow at the end of October and early November 2021.

One positive outcome of COP26 was that the ratchet mechanism that was included in the Paris Agreement of 2015 is clearly working. Many signatories to the Paris Agreement came to COP26 with revised and more ambitious climate targets. In the most optimistic scenario where every country actually delivers against its more ambitious targets and pledges, the data suggests this will keep the planet to slightly below two degrees of warming. But

that implies that all countries (and sectors and industries and corporations and individuals) need to take action.

Redevco is acutely aware of this and has already been taking – and will continue to take – action in line with our responsible investing approach (as outlined in our ESG Policy) as well as the commitments that we have made.

For many years now, Redevco's motto has been 'Business in Balance'. It expresses the intent to strive for a balance between people, planet and profit and remains valid today in the pursuit of balanced ESG impact. We seek to invest in buildings that are sustainable in every sense of the word – commercial, social, environmental and financial – and we operate our business according to our ESG principles as well.

To do our bit for the decarbonisation imperative, Redevco launched 'Mission 2040' at the end of 2019: our commitment to strive towards a Net Zero Carbon portfolio by 2040. We shared our detailed roadmap in last year's report and had intended 2020 and 2021 to be years of real activation of Mission 2040 within our organisation. Despite COVID-19 and all its consequences extending well into 2021, the component parts of our roadmap have been disseminated widely and frequently among our colleagues over the past 18 to 24 months and it has been firmly embedded as an important element in Redevco's multi-year strategic plan.

And yes, Redevco also made two formal commitments. We submitted our Letter of Intent to the Science-Based Targets Initiative (SBTi), in which we committed to setting a GHG emissions reduction target in line with the 1.5°C scenario of the Paris Agreement. We are now in the process of collating the final bits of data we need in order to submit our baseline data and target to SBTi for validation and we will report transparently when our target has been officially validated. Our target will encompass our full Scope 1 and 2 as well as material Scope 3 emissions. Furthermore, we signed the World Green Building Council's Net Zero Carbon Buildings Commitment, which challenges us on two fronts. First, to reduce our Scope 1 and 2 emissions (also a requirement for our SBTi commitment, as stated above). And second, to learn about, understand and subsequently reduce the whole life carbon emissions of our buildings and our activities, specifically the up-front ('embodied') carbon of our development and redevelopment activities.

As a responsible investment manager, Redevco has added its voice to the many making pledges and commitments in the run-up to COP26 to help signal that business is ready to take action. Appropriate policy and regulatory support is, of course, welcome, but the past year has strengthened our conviction and intrinsic motivation to be a 'force for good', engaging and aligning with our investor clients to take deliberate action in the portfolios we manage. And through our external engagement and communication, we try to actively contribute to changing the real estate investment and management sector to become low carbon, circular and resource-efficient. We do this in the context of internationally accepted frameworks such as the UN Sustainable Development Goals (SDGs) as well as the targets set out in the Paris Agreement of 2015. Throughout the remainder of this report, we hope to demonstrate some of the actions taken in 2021 to start giving shape to our Mission 2040 roadmap, all of which are relevant in the context of both our SBTi and World Green Building Council Net Zero Carbon Buildings commitments.

### **Alignment with the UN Sustainable Development Goals**

Alignment with the UN Sustainable Development Goals While all 17 SDGs are globally significant, we have identified four SDGs that relate to our business and our top four material issues, so that we can focus on high-impact areas. We believe that incorporating SDGs in this way will enable us to set clear targets, increase awareness, measure our impact and evaluate our progress.

The most material goals reflect our ambition to be a force for good as well as our aim to take leadership in the transition to a resilient and

net zero carbon built environment. Launching Mission 2040 and working actively towards a Net Zero Carbon portfolio in the coming two decades is our way of contributing deliberately to two significant SDGs, namely SDG 7: Affordable and Clean Energy and SDG 13: Climate Action. See the chapter 'Our roadmap to 2040' for more details.

Additionally, SDG 11: Sustainable Cities and Communities embodies the increasingly important fundamental principles of social sustainability as impacted by the built environment. We will seek to make a meaningful con-

tribution to this goal through our investments and active asset management and development, providing high-quality and well-managed buildings to our occupiers.

At the same time, Redevco's employees are actively involved in national and international industry councils and associations with the aim of sharing knowledge and insights with industry professionals that share our mission and vision. It is our conviction that participating in these forums helps us have a positive impact on moving our industry forward and reflects our contribution to SDG 17: Partnerships for the goals.



# From commitments to actions

As a manager of more than 260 real estate assets throughout Europe, we have a responsibility to use an environmental approach to managing the properties and reduce carbon emissions. This is why we committed to making our entire portfolio of assets under our management Net Zero Carbon by 2040 with the launch of Mission 2040.

Mission 2040 is aligned with the World Green Building Council's definition of Net Zero Carbon, meaning that buildings must be highly energy efficient and disconnected from fossil fuel use for heating or hot water, with the remaining energy needed to operate fully delivered by on-site and/or off-site renewable energy sources.

In order to achieve our goal, we follow four steps towards Net Zero Carbon, which have also been described and communicated in our visual roadmap.

## **1. Measure and disclose energy consumption and emissions**

The process of improving buildings starts with gaining insight into their energy consumption and emissions. For a few years now, we have been working hard to improve the completeness, accuracy and robustness of energy consumption data from our assets under management, both for common areas as well as tenant spaces. We want to ensure as accurate a baseline as possible. Despite this being a

challenging exercise (not least with COVID-19 restrictions throughout 2020 and 2021), we are confident that we are nearly there and that we will be able to report on our scope 1, 2 and 3 emissions in next year's report. In 2022, we aim to significantly improve our coverage of smart meters for automated data collection of all energy sources in our AuM.

## **2. Reduce energy demand**

At every natural intervention moment in an asset's lifecycle, we aim to take deliberate decisions to target a significant reduction in energy demand. We take a 'fabric first' approach: first maximising the performance of the components and materials that make up the building fabric and then working with tenants to reduce the operational energy demand. When redeveloping a building, we will also disconnect it from fossil fuel supplies where possible. 18 Septemberplein in Eindhoven, the Netherlands, is a good example of this type of redevelopment project.



*The fully renovated 23,600 m<sup>2</sup> shopping complex, with an extensive mix of 20 chains in the centre of Waterloo, will open in November 2022 and operate under the name RICH'L.*

### 3. Generate balance from renewables

On- and off-site renewable energy generation is an integral part of our approach to redeveloping buildings. As part of this, we launched Project Solar together with our shareholder COFRA Holding in 2020. Through the installation of solar panels on the roofs of the buildings, Project Solar provides on-site, emission-free energy to the tenants of the retail park assets that we manage for COFRA in Belgium. Read more about this project on page 20.

### 4. Improve verification and rigour

We recognise that our approach towards Net Zero Carbon is also one of continuous improvement -taking learnings and best practices from previous initiatives and projects and apply those to current and future projects. This means evolving over time from an operational carbon focus to a whole life carbon approach. Therefore, we are starting to take upfront embodied carbon into consideration when developing and redeveloping assets. Embodied carbon are emissions related to the materials, transport, construction, maintenance and deconstruction of real estate assets.

The redevelopment of the shopping complex in the centre of Waterloo, Belgium, is a great example of this. The final building, which represents one third of the total complex, is currently under construction and is targeting carbon neutral in operation. The insulation values will be higher than the current standards and the building materials will be selected according to the 'Cradle to Cradle™' principle. Two stand-alone retail units for Medi-Market and Pizza Hut were built with a timber structure that can be completely dismantled and reused.

While steps 2 and 3 are clearly intended to drive down operational energy consumption and corresponding CO<sub>2</sub> emissions, the built environment sector is recognising that embodied carbon is also a significant contributor to overall emissions and must be reduced too. We will work with our supply chain partners (architects, advisors and construction companies) in the years to come to take a deliberate approach to reducing the embodied carbon related to our redevelopment projects. As this is still relatively new for the real estate sector, we will need to learn how best to measure, record, reduce and report on embodied carbon emis-



*"Our team worked closely with the tenants, Decathlon and Zalen-centrum Vredenburg, during this renovation to come to the most sustainable result possible."*

**Joep Wensveen** | Project Manager Redevco NL



sions. Redevelopments in Berlin and Hamburg mark our next steps towards minimising embodied carbon, where the designs include the use of bio-based materials (in this case timber).

### **BREEAM In-Use: a pragmatic approach**

BREEAM is a well-recognised, international standard that takes a holistic approach to measuring the environmental performance of real estate assets. For Mission 2040, we will be focusing on KPIs that reflect our ambition to drive down carbon emissions related to our assets under management. That said, we recognise and value the holistic approach of BREEAM In-Use to drive deliberate choices at asset level, so we have changed the way we use BREEAM. Over the past four years, we have been recertifying the vast majority of our portfolio on an annual basis, even when nothing has changed at asset level. Going forward, we will continue to certify newly acquired assets and will recertify existing assets following redevelopments that lead to significant changes in their performance. This

will allow us to understand the environmental performance of newly acquired assets and identify improvement opportunities, and to verify that planned redevelopments have resulted in improved performance.

### **Ambition for BREEAM In-Use 'Excellent' redevelopment ratings**

A redevelopment is the key moment in a building's lifecycle to create the biggest impact on its performance. We have therefore raised the bar for significant redevelopments to target a BREEAM In-Use 'Excellent' rating. In 2021, we achieved this standard for the certification of Vredenburg in Utrecht, the Netherlands. The redevelopment returned this asset to its former glory at the same time as improving its environmental performance. As well as making improvements to glazing and the façade, we installed a green roof and solar PV panels on the roof. Energy efficient installations for the tenant will further reduce operational energy consumption.

# Update on our signature projects

We have selected four signature projects to demonstrate how we can achieve Mission 2040. As we learn by doing, these signature projects will identify the actions needed to make buildings Net Zero Carbon (NZC).

## Retail transformation project in Hamburg, Germany

A building in the heart of the shopping district of Hamburg will be demolished and rebuilt as an operationally NZC mixed-use landmark. A design has been created that adheres to the high standards set for our portfolio. To manage the multitude of possible approaches, three key strategies played a vital role in the ongoing planning process to arrive at the most sustainable design.

- **Cradle to Cradle™ (C2C):** Firstly, we favoured an approach based on C2C principles. This involves implementing simple and demountable constructions and element build-ups above composite elements to maximise the recyclability, adaptability and recoverability of materials. Selecting durable, healthy and sustainable components is of utmost importance in this.
- **CO<sub>2</sub> reduction** is leading in the construction and operation of the building. The structure of the building will be optimised in terms of span, dimension and materiality to achieve the

lowest possible overall carbon footprint while remaining constructionally and economically feasible. To reduce the operational ecological footprint, the building is designed to adhere to the BEG 40 standard in terms of thermal insulation, energy consumption, management and production. This means applying external sun blinds and ensuring high insulation values and carefully designed building services. The main source of energy is supplied through ecologically sourced district heating combined with high-efficiency technology for cooling, ventilation and photovoltaic systems. Mission 2040 commits us to supplying the building with green energy only and in line with this, the building will be equipped for adaptation to hydrogen usage in the future. All aspects of building services will be optimised to support comfortable operation while maintaining a low energy profile.

- **Certification:** The project is using several certification methods as guidelines and goals to unify, constantly check and verify the design approaches within the chosen strategies and to verify the concepts implemented. The cur-



*The largest single PV installation on the roof of the C&A Distribution Centre in Boom, near Antwerp in Belgium, with a capacity of 1.1 MWp.*



rent design aims to achieve a BREEAM 'Excellent' rating as well as to comply with the local BEG 40 standards. C2C specialists provide general planning oversight and consultancy, ensuring continuous attention to all ecological, economic and social sustainability aspects.

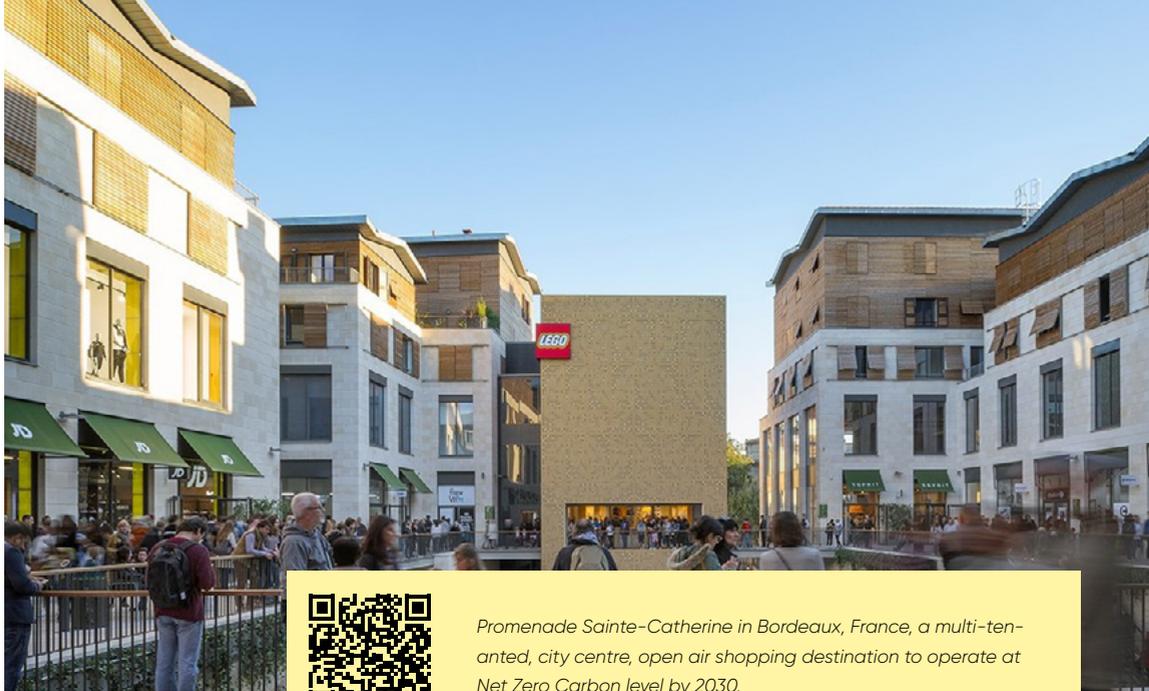
#### **On-site renewable energy generation project**

An important contribution to our emissions reduction roadmap in the context of Mission 2040 is the provision of as much on-site renewable energy as possible for our tenants. Increasing the share of our tenants' use of renewable electricity (their Scope 2 emissions) will benefit us by directly reducing our Scope 3 emissions and will also contribute to the clean energy transition Europe needs. While 2020 saw the launch of the project and a fair amount of preparation, during 2021 we managed to install 23 PV installations on the roofs of various retail park assets in Belgium. The total installed capacity at the end of February 2022 was 4.2 MWp, with the largest single installation on the roof of the

C&A Distribution Centre in Boom, near Antwerp in Belgium, with a capacity of 1.1 MWp. Energy security and energy price volatility are becoming an ever-increasing risk that our occupiers want to manage and mitigate. We are confident that by continuing to roll out Project Solar on suitable roofs of our assets, we are offering a beneficial service to our tenants and making our assets more future-proof and resilient.

#### **Downtown shopping centre project in Bordeaux, France**

The respective investor clients for this particular asset, specifically requested this multi-tenanted, city centre, open air shopping destination – now into its sixth year of operation – to operate at Net Zero Carbon level by 2030. The specialist consultancy we selected undertook a full site survey to establish key requirements and write an action plan outlining key deliverables to achieve that goal. After the successful installation of smart metering, we are now in the phase of looking at making both physical



*Promenade Sainte-Catherine in Bordeaux, France, a multi-tenanted, city centre, open air shopping destination to operate at Net Zero Carbon level by 2030.*

and operational improvements to the asset. The first annual smart metering review has taken place and has brought to light some simple ways of improving energy consumption. We will share this information with our tenants and regularly update them on progress and possible improvements.

In the first half of 2022, we will also start implementing the Smartvatten water efficiency solution. A test pilot has been set up and we will check the functionality of the system before a full launch with the tenants. Finally, the solar panel project is well underway. Kick-off should take place just before summer 2022, when the equipment has been installed and the three-month administrative process with the energy provider completed.

### **Residential development project in Amstelveen, the Netherlands**

This residential complex consists of two towers on a shared parking garage. It contains 172

rental homes, parking spaces and a commercial space, and one tower contains 131 homes that will be sold by the developer. The final design will be ready in the summer of 2022 and construction is planned in the period 2022 - 2025. The property will be equipped with a thermal energy storage system, solar panels and a mobility hub (car and bicycle sharing provider). It will be WELL certified and added in the database of the Madaster materials and products registry.

## CASE STUDY



*The Porseleinen Toren  
(Porcelain Tower) in Delft,  
the Netherlands*

# Two new residential developments show Redevco's green credentials

The Porseleinen Toren (Porcelain Tower) in Delft, the Netherlands, acquired from developer Synchroon in 2021, is a notable example of affordable housing in one of the most densely populated parts of the Netherlands. There is also a massive shortage of high-quality rental accommodation here. In fact, nowhere in the country the housing shortage is as acute as it is in Delft. The average shortfall here is even higher than in Amsterdam and Utrecht. The 40-metre-high, energy-efficient residential complex will be the centrepiece of a sustainable new neighbourhood.

The complex will use solar panels and an alternative energy source supplied by a highly innovative fresh-air heat-exchange installation. Maximum insulation will add to a high level of energy-efficiency. No trees are being chopped down during the development – in fact a parklike environment with plenty of trees will be created where once a high-speed train cut a swathe through the countryside.

### **Repurposing a former office building into a sustainable residential complex**

Another residential development is the Hol-

landse Meesters (Dutch Masters) complex in Amstelveen, the Netherlands. These apartments form part of a new complex at a former office location just 20 minutes from Amsterdam and will provide high-quality sustainable homes in an area where there is a huge housing shortage.

Hollandse Meesters will also incorporate highly sustainable solutions, including thermal energy storage technology, solar panels and water buffering on the roofs, to regulate the indoor climate. The building's design is aimed at maximising natural light and air quality to promote a healthy environment and lifestyle.

The Hollandse Meesters redevelopment is also a great example of repurposing, giving a former office location a new lease on life. It contributes to our diversification strategy and renewed focus on liveable and sustainable urban areas in Europe's most attractive cities.



**Fleur Abas**

Transaction Manager

# Representing the voice of Redevco's future

## CASE STUDY

In the spirit of Diversity & Inclusion, Redevco established a NextGen Board in 2021. This allows the younger voice in our company to be heard, which will be instrumental in helping the company play its role in the transition that cities need to make. The purpose of this board is to create a more inclusive culture, acknowledging the value of diversity and promoting openness. The members represent multiple functions from across our six offices, and they all bring unique perspectives, valuable expertise and new ideas to the table. Our NextGen Board is there to develop new ideas and to strengthen Redevco's vision, mission, strategy and culture. The NextGen Board members, all young professionals, will be the voice of Redevco's future.

### Including the younger generation to shape the future

Being part of Redevco's NextGen Board is a unique opportunity for our younger colleagues to learn and develop, and to work on important strategic topics that are crucial to the further evolution and future of our company. The main responsibilities of our NextGen Board are idea generation and innovation, advisory and delegated decision-making. The members help the Redevco Board assess new ideas and concepts and support them in thinking out of the box to create new perspectives.

### Future of work and well-being

The pandemic has pushed companies and consumers to rapidly adopt new behaviours that are likely to stick. Coming out of the COVID-19 pandemic, people have had to change the way they organise their lives. Forced to work from home for a long time, people also started to see the benefits of the

flexibility this gave in their lives. Since the start of 2022, the NextGen Board has been working on a Future of Work and Well-being Policy for Redevco. The big questions to answer are: How do we want to work together? What do we want that to look like? This is also one of the key questions for new generation workers, who have different expectations of their employers than previous generations.

*Emma Taylor, Chair of the NextGen Board:*  
"Young people have an important role to play in the future of Redevco. Being chosen as part of the NextGen Board offers a great opportunity to learn and develop while working on important strategic topics that are crucial to the evolution of our company. One of our goals is to work with our senior management, the Redevco Board in particular, to develop a more inclusive culture for the business in recognition of the value that diversity and openness bring for organisations such as ours."



**Emma Taylor**

Chair of the NextGen Board





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