

# PERE

## Annual Review

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# 2019

## PERE AWARDS

The logo for PERE Awards 2019 features a thick, dark red vertical bar on the left side, followed by the word "PERE" in a large, bold, black sans-serif font. Below "PERE", the words "Awards 2019" are written in a smaller, black sans-serif font.

# PERE

Awards 2019

Indirect Firm of the Year:  
Global

## Madison International Realty

Madison went on a European buying spree in 2019. That included acquiring a majority stake in a public company, Capital Park, which gave the firm a diversified portfolio in Poland comprised of roughly 2.7 million square feet of lettable area – valued at €490 million – of which 77 percent is in Warsaw. The New York-based firm also bought a 5 percent stake in a pan-European portfolio owned by the Austrian firm Signa for €12.5 billion. Finally, the firm secured a 3 percent stake in Capital & Counties Properties, a London-based operating company.

## KEYNOTE INTERVIEW

## Data drives Madison's dynamic year

*Madison International Realty is the winner of Indirect Firm of the Year: Global. President and founder **Ronald Dickerman** shares the secrets of success*

**Q What have been the key events for your firm over the past 12 months?**

We invested almost a billion dollars of equity in 2019. We have had one of the best investment years in our history but executed it in a way that was very methodical, based on data-driven metrics, seeking growth, barriers to entry, and quality assets with best in class partners. We are also very cognizant of the late cycle environment, focusing on lease duration and cashflow.

The success of 2019 was not a one-off. We are optimistic it will be replicated in 2020 as we are already off to a strong start. We are also committed to understanding the impact of technology on the user experience for core as well as overlaying ESG in all that we do.

We see these factors are key elements of alpha performance. Buying an office building in a major city and waiting for rents to rise is yesterday's business, but getting in front of growth, job creation and chasing technology is tomorrow's business. We are placing a greater emphasis on multi-family and industrial as components of a diversified portfolio.

At the end of last year, we announced a very large joint venture with Panattoni, the largest developer of logistics in Europe. In January, we acquired a 46.5 percent equity stake in a €500 million Polish logistics portfolio from Redefine Properties.

**Q What has the operating environment been like?**



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MADISON INTERNATIONAL REALTY

The market has been stable despite the numerous geopolitical threats and overhang of US elections, Brexit and more. Variables such as trade between China and the US, capital controls on Chinese insurers, interest rates and exchange rates have been an overhang for a long time. Now you have more clarity on Brexit and London and the UK are coming into focus as an investment destination.

A big benefit was the unanticipated fall in interest rates during 2019. Cap rates have not compressed in a corresponding way, so it's created more opportunity to generate positive leverage.

**Q What key challenges did you have to overcome?**

The biggest issue is how to price geopolitical risks into your investment equation. It's almost an impossible question to answer, which is why it's important to embed

conservatism into your rate of return expectations. Then there's recession risk.

So many people are beating the drums for the death of the business cycle. But the Federal Reserve seems to have its finger on the pulse of interest rates and the European Central Bank has been very accommodating in its monetary policy, while the UK is continuing to grow despite Brexit fears.

Those have been the biggest challenges. The future challenge for 2020 is the Chinese economy, given the coronavirus.

**Q What or who is mainly responsible for your success?**

We're a company that works together as a well-coordinated team. We will work together in 2020 to keep our business compelling around the world. We will continue to strive to find alpha-based investments that will seek to differentiate our return experience, to maintain a challenging work environment for our colleagues and partners, and to be good corporate citizens.

This is important. We have adopted a significant view on ESG both in the way we conduct ourselves, the way our platform operates, and what we expect from our investment partners. ESG is the future and it's also the right way to participate as a global citizen.

We have also been expanding the team, and we're targeting an office expansion in Asia. ■



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# PERE

AWARDS 2019

Indirect Firm of  
the Year - Global

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