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IntReal Expands its Market Leadership: Assets under Administration Rise to 13.5 Billion Euros

The Hamburg-based company IntReal International Real Estate Kapitalverwaltungsgesellschaft mbH (IntReal) expanded its position as Germany's leading third-party AIFM in 2016, thus laying the ground for continued fast growth. Its real assets under administration (AuA) increased by a third to a total volume of 13.5 billion euros (31/12/2015: 10.1 billion euros). The number of real estate investment products administrated through the IntReal platform stood at 83 by year-end 2016 (up from 64 by the end of 2015), representing a combined portfolio total of 629 real assets (2015: 481). The transaction volume realised via the platform hit a new record high in 2016 as it climbed to nearly 2.8 billion euros.

"We are proud of the strong growth we generated together with our partners," said Michael Schneider, Managing Director of IntReal, as he commented on the performance. "That being said, I should add that expansion is not an end in itself for us. Rather, we make a continuous effort to strengthen our position as a high-end provider."

Sustained Fast Growth of Partnering Funds

Against this background, Michael Schneider and his fellow board members Andreas Ertle and Dr. Detlef Mertens took a highly positive view of the brisk growth in the partner fund business unit. In this line of business, IntReal offers asset managers a platform for launching and administrating regulated real estate investment funds that gives them access to institutional and private investors.

In 2016, IntReal used the platform to launch another nine funds, while the circle of fund partners grew by 6 to a total of 24. Companies taking advantage of the IntReal platform for the first time included Arbireo Capital, ILG Capital, Palmira Capital, PIER Investment Partner, and the GEG German Estate Group. Another three AIFs are follow-on products of existing fund partners. The AuA in the partner fund division gained by 56 percent year on year, reaching a total of 7.7 billion euros. The sum is more or less evenly divided (with nearly two billion euros each) among the segments retail, logistics & CRE, and office, trailed by residential real estate (1.3 billion euros). Geographically speaking, real estate in Germany accounts for the bulk of the business, yet the investment volumes in markets outside Germany, such as the UK, the Netherlands, France and other European countries have also experienced swift growth.

In the company's other business line, that of AIFM agency, where IntReal handles the back office activities of other AIFM companies, the AuA total rose to 5.4 billion euros (2015: 4.6 billion euros). Here, IntReal gained another AIFM company as partner in 2016 who will contribute to substantial AuA growth in this business line in the ongoing year and in the years to come.

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Aiming for a more Differentiated Product Spectrum

Another trend seen in 2016 is the diversification of the investment products administrated via the IntReal platform. In addition to open-ended real estate special AIFs, which continue to dominate, and one open-ended public AIF, several partners opted to structure their vehicles as limited investment partnerships. "The increasing differentiation by property segments, geographic markets, and vehicle structures was one of the defining themes of our business in 2016. This trend will continue, and keep gathering momentum," said Schneider.

He went on to say that the increasing digitisation of acquisition and administration processes in the areas of real estate and property investments are reinforcing the trend. "Digitising processes, and using a consistent data basis to make them more efficient and safer, is one of our core competencies," as Andreas Ertle elaborated.

IT Subsidiary IntReal Solutions Acquires more Third-Party AIFM Clients

IntReal Solutions, the group's IT service arm, has picked up on the trend. In 2016, it acquired another third-party AIFM with more than 4,4 billion euros in AuM as its client. "IntReal Solutions lets other AIFM companies take advantage of our established and continuously upgraded IT platform. By doing so, we deliver a compelling response to the ever higher requirements in this sector, and we expect to keep acquiring service mandates in the future," said Andreas Ertle. As it is, four fully licensed property AIFM companies are using the resources of IntReal or IntReal Solutions, sharing the benefits of the resultant economies of scale.

Outlook for 2017: Growth and Internationalisation Expected to Continue

In 2017 as in previous years, IntReal will give chief priority to investments in the quality of processes and systems as well as in the recruitment of highly qualified talent. "What we most care about is the quality of our services," said Schneider.

By the end of 2016, IntReal Group employed 139 staff (up from 96 in 2015). IntReal will continue to see fast growth in 2017. "For one thing, the funds already managed by our platform will ensure further growth in assets under administration," said Schneider. "And this does not even include the well filled pipeline for products under preparation. Our specialisation on all levels of the value chain has convinced the investors, too."

On top of that, IntReal will continue its internationalisation process in order to appeal to additional client groups and to develop additional asset classes and product variations.

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About IntReal

As a third-party AIFM, IntReal concentrates exclusively on the business of launching and managing regulated real estate funds on behalf of third parties under the German Capital Investment Act (KAGB). The platform lets clients take advantage of all the options of a real estate AIFM without having to set up one in their own right. Options include the launching of property funds or the outsourcing of AIFM back offices. Employing 139 staff, the IntReal Group offers long-term real estate know-how along with detailed and highly professional fund management expertise.

IntReal collaborates with a number of third-party fund partners to administrate 83 investment funds with a combined investment volume of c. 13.5 billion euros (all figures as of 31/12/2016, not including the business mandates of IntReal Solutions).

IntReal is a fully-owned subsidiary of Warburg-HIH Invest Real Estate GmbH in Hamburg, and part of the HIH Real Estate Group.

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