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INTREAL INCREASES ASSETS UNDER ADMINISTRATION BY 31% TO €24.4 BILLION IN 2018

- ◆ Record growth in property assets under administration: up €5.8 billion
- ◆ INTREAL managing over 1,100 properties across a total of 138 funds
- ◆ Staff headcount up 12% to 237
- ◆ Growth in 2019 expected to remain at similar levels
- ◆ INTREAL funds have received capital commitments of €3 billion

IntReal International Real Estate Kapitalverwaltungsgesellschaft mbH (INTREAL) increased its assets under administration (AuA) by around a third in 2018, despite significant sales activities. After seeing growth of €5.1 billion in the previous year, INTREAL achieved new record growth in 2018 with an increase of €5.8 billion. AuA rose to a total of €24.4 billion (end of 2017: €18.6 billion). INTREAL was managing 138 property funds at the end of 2018, 24 more than in the previous year. The number of properties in the funds surpassed the 1,000 mark for the first time, climbing by 31% to reach 1,126 properties under management. At the end of 2017, the portfolios of the funds under administration comprised 857 properties.

Summing up this performance, Michael Schneider, Managing Director of INTREAL, commented that “in the tenth year of the company’s history, we once again outdid our excellent 2016 and 2017 results. We have thus reinforced our position as a leading third-party real estate AIFM and are very proud to have positioned ourselves as a particularly effective and stable market player after just under ten years.”

Fast growth also brings challenges

INTREAL also grew in terms of its workforce: At the end of 2017, the company had 211 members of staff, and one year later this figure had increased to 237. Andreas Ertle, Managing Director of INTREAL, explained: “We hired 26 new employees in 2018 to handle our rapid growth. Our top priority is maintaining our high quality standards. As well as hiring new staff, we are also investing heavily in training and development for our existing employees and working on continuously improving all processes, for example by making the most of the potential offered by digitalisation. A further key step for getting closer to customers and improving access to experts and know-how is the expansion of INTREAL locations to include Frankfurt and Luxembourg.”

Partner Funds business unit accounts for two thirds of AuA

The most important business unit has traditionally been Partner Funds. At €15.5 billion, this accounts for 63% of all AuA and last year this figure grew by €3.3 billion (up 27%). The total number of partner funds

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from existing and new customers rose accordingly in 2018 to 81 (end of 2017: 64). After focusing primarily on acquisitions in the previous years, in 2018 INTREAL fund partners turned their attention for the first time to sales activities and share transfers, processing a total volume of around €2 billion. The total transaction volume therefore clearly demonstrates the INTREAL fund partners' excellent performance and shows INTREAL to be a key transaction platform.

Soaring regulatory requirements drive demand for AIF administration services

The AIF Administration Services business unit represents INTREAL's second key pillar. In 2018, this unit also grew by 37% to a volume of €8.9 billion in AuA (end of 2017: €6.5 billion). In this unit, INTREAL takes on business management and back-office activities for other AIFMs. New customers looking to outsource administrative roles to the third-party AIFM were acquired. Schneider explained: "Increasing market regulation for property funds is putting a serious strain on staff and administration at asset management companies. In particular, services such as fund accounting and controlling, reporting and investment and risk management reduce capacities for the real core business. Asset management companies remain efficient and flexible by outsourcing certain tasks."

INTREAL expects high growth to continue in 2019

A pick-up in sales activities in older funds means that INTREAL does not anticipate net growth to continue gathering speed this year. Nonetheless, Schneider added that "we do not currently foresee any fundamental changes to the general conditions on the property markets. Demand will remain high." The limiting factor is and will continue to be the availability of properties. INTREAL growth and the boom in collaborative partner funds therefore looks set to continue in 2019. Schneider continued: "We already have capital commitments of around €3 billion for the partner funds administered by INTREAL alone. New funds, both for institutional and for private investors, are also in the pipeline."

BREXIT could also constitute a one-off effect in 2019 for all fund managers operating via the UK. These managers may have to establish a European branch for future business in Europe or, alternatively, offer their services efficiently through a third-party AIFM.

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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 237 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 138 investment funds with a combined investment volume of c. EUR 24.4 billion (all figures as of 31/12/2018).

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