

Hamburg, 14 February 2020

INTREAL SURPASSES EUR 30 BILLION MARK IN 2019

- ◆ Property assets under administration grow by EUR 6.9 billion
- ◆ Extensive investments in personnel, processes and IT safeguard quality
- ◆ INTREAL hires 53 new fund experts and now employs 290
- ◆ Bundling of banking, financing and liquidity management in new Treasury department
- ◆ Focus on expansion of Luxembourg business in 2020

IntReal International Real Estate Kapitalverwaltungsgesellschaft mbH (INTREAL) continued its growth in 2019. Assets under administration (AuA) amounted to around EUR 31.3 billion at the end of 2019 (end of 2018: EUR 24.4 billion). Rising by EUR 6.9 billion, the earnings figure for 2018 (EUR 5.8 billion) was surpassed once again. INTREAL had 161 property funds under administration as at the end of 2019, an increase of 23 compared with the previous year. The funds manage 1,331 properties in total (2018: 1,100).

Michael Schneider, Managing Director of INTREAL, said: “INTREAL celebrated its tenth anniversary in 2019. One particular milestone in this anniversary year was when AuA hit EUR 30 billion in November 2019. Naturally, this rapid development in our business means challenges as well. It is a matter of the utmost importance to us to keep the quality and professionalism of our services at a high level. We have invested extensively in personnel, processes and IT to ensure this goal. Over the past year, we hired 53 fund experts across all divisions, bringing our headcount to almost 300 by the end of 2019. The new hires work at our head office in Hamburg and at our new office locations in Frankfurt and Luxembourg. Qualified staff and their systematic ongoing development are still our most important investment for our complex activities. This is true regardless of the advances in technology and digitisation.”

High investment in IT and creation of new Treasury department

Parallel to its recruitment activities, INTREAL has invested extensively in its IT. The processes and applications specific to funds were optimised, bringing them to the state-of-the-art with an eye on the future. Examples include licence agreements for the new SAP Release S/4HANA and the addition of a number of new functionalities to the bison.box software solution from control.IT. “This has also consolidated our edge over our competitors. At the same time, it enables our IT experts to serve the demand for our fund-specific IT solutions. Since 2019, our interest in easol GmbH has allowed us to offer all real asset managers a holistic IT solution,” continued Schneider.

A third plank of our quality assurance is ongoing projects on the latest key issues, such as ESG or the improvement of the organisational structure. INTREAL’s Managing Director added: “Over the past year, for example, we bundled out specialists for banking, financing and liquidity management, who were spread

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throughout the company, in the newly created Treasury department. This facilitates the more efficient handling of the high processing volumes in all areas. Above all, the issues of managing and investing liquidity have gained in significance as a result of the growing number of mutual property funds under administration. Furthermore, additional services and analysis and consulting activities for our customers have also been assured.”

Partner Funds division grows by EUR 3.1 billion

Accounting for approximately 60% of total AuA, Partner Funds is still the most important of INTREAL's segments. It had a volume of EUR 18.6 billion at the end of 2019 (2018: EUR 15.5 billion). In its Partner Funds segment, INTREAL offers asset managers and project developers not licensed as AIFMs all services for the issue and administration of AIFs. INTREAL's Schneider added: “In addition to open-ended special funds, we also launched more mutual property funds in 2019. The fund partners are primarily property managers who have been serving institutional investors to date and now want to make their expertise available to private investors as well. We also see the strong product demand among private investors on the one hand and providers' pronounced property expertise on the other as an additional growth field and an ideal product diversification for INTREAL.”

Demand for AIF services continues to rise

INTREAL's second major division is AIF Services, which performs services such as fund accounting, controlling, reporting and investment/risk management for other licensed AIFMs. This segment's AuA grew to EUR 12.7 billion in 2019 (end of 2018: EUR 8.9 billion). Schneider explained: “The business momentum in AIF Services has since overtaken that of Partner Funds. A number of AIFMs on the market are facing rising regulatory costs while returns on property are diminishing at the same time, and so they need to become more efficient. One approach is to step up outsourcing, which not only reduces costs, but also allows access to specialist expertise. A third advantage is the focus on core property competence, which – as our figures show – is proven to lead to faster growth.”

INTREAL to expand Luxembourg location in 2020

INTREAL is assuming that the business performance in fund business will remain positive in 2020. INTREAL's Schneider said: “I predict that growth in 2020 will at least match the 2019 level – so around EUR 6 billion. All of INTREAL's segments will continue to grow significantly. The planned increase in institutional fund products has already been largely secured by capital commitments and definite seven-figure property investments.”

Furthermore, the expansion of the Luxembourg location will also be a priority in 2020. Schneider commented: “We anticipate a great deal of potential in Luxembourg, as additional product variants can be implemented there and more international investors can be addressed than with German investment vehicles alone. Several specific funds are currently in the preparation and implementation phase. Parallel to this, we are currently conducting very promising talks with interested partners.”

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About INTREAL

As a third-party AIFM, INTREAL focuses exclusively on launching and administering regulated property funds for third parties in accordance with the German Investment Code (KAGB). Companies can use the platform to take advantage of all the capabilities of a property AIFM without having to found one themselves. For example, both open-ended and closed-ended property funds can be launched and AIFMs' back office activities can be outsourced to INTREAL. With 290 employees, the INTREAL Group has many years of property expertise and detailed, highly professional knowledge of fund administration.

INTREAL administers 161 funds via a wide range of external fund partners, with a total investment volume of around EUR 31.1 billion (all figures as at 31st of December 2019).

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