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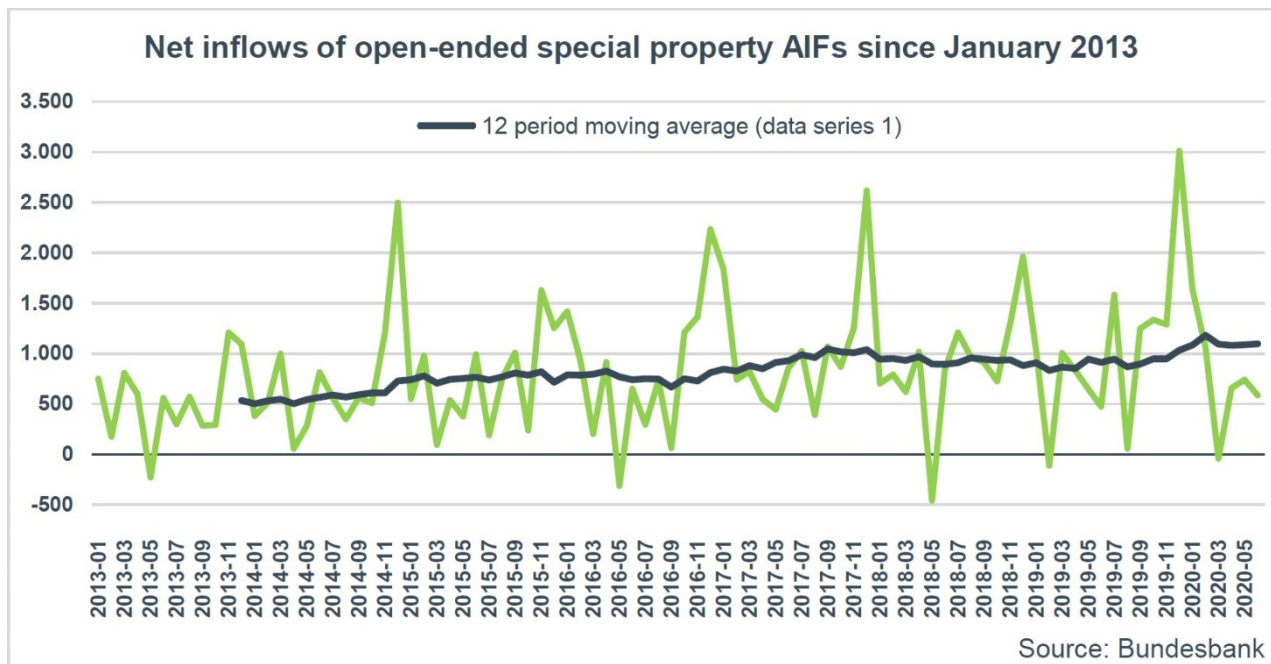
HIGH DEMAND FOR OPEN-ENDED SPECIAL PROPERTY FUNDS DESPITE CORONAVIRUS PANDEMIC

- ◆ Net inflows of around EUR 2 billion in second quarter of 2020
- ◆ Industry assets climb from EUR 123.7 billion to EUR 126.2 billion
- ◆ Number of funds increases by seven during crisis months

Open-ended special property AIFs are posting positive net inflows even in the coronavirus pandemic. This can be seen from an analysis of Bundesbank statistics. In the second quarter of 2020, the funds received net inflows totalling approximately EUR 2.0 billion. By way of comparison, the figure for the same period of the previous year (April to June 2019) was also around EUR 2.0 billion.

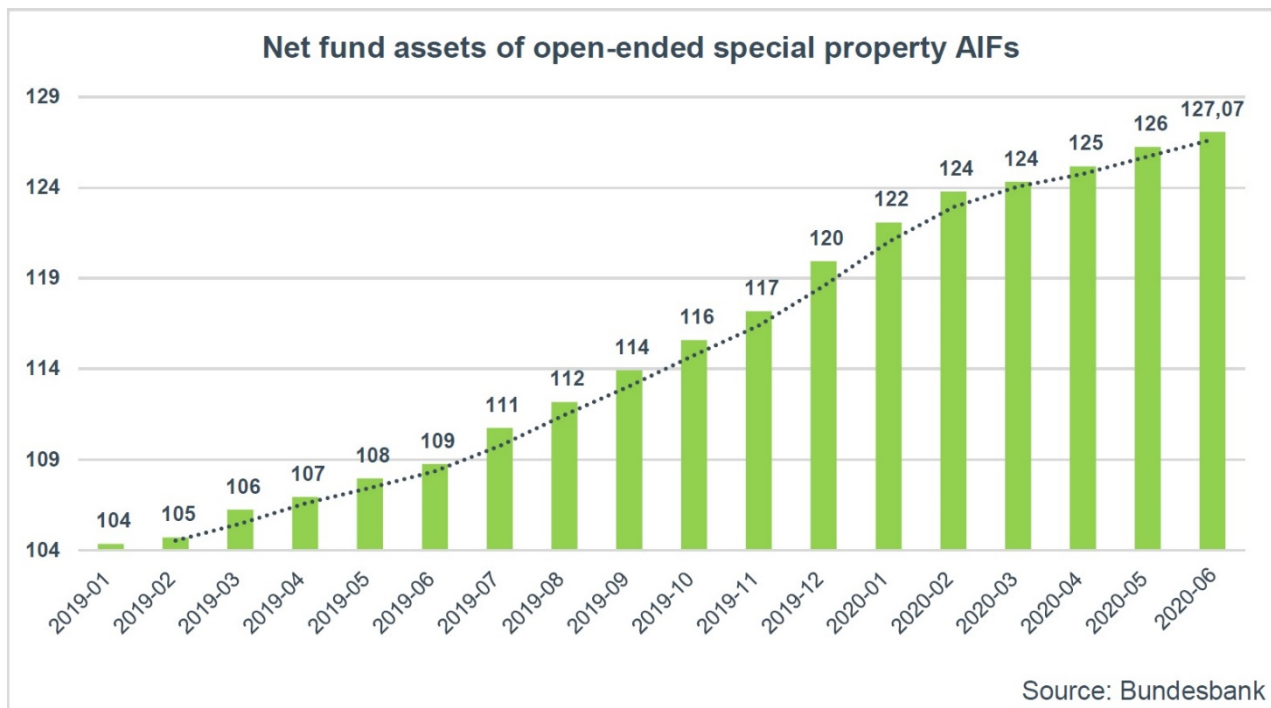
Michael Schneider, Managing Director of INTREAL, comments: “Only the month of March recorded a net outflow of EUR 44 million. In April, May and June, there were significant inflows again at around EUR 660 million, EUR 740 million and EUR 586 million respectively. In view of the economic slump of 10.1% of gross domestic product (GDP) in the second quarter, these results are very pleasing. These figures are also consistent with our view of the market. Since mid-May, we have been observing increased transactions and capital commitments again.”

Looking at net inflows over a longer period – for example, since 2013 – the swings in the current crisis are not all that significant. Michael Schneider comments: “A longer-term view shows that monthly inflows are generally rising. Whereas in 2014 the moving twelve-month average was still around EUR 500 million per month, this figure steadily increased in the following years. At the end of 2019, it crossed the mark of EUR 1 billion per month. This trend will not be interrupted by the coronavirus crisis, either.”



It is also interesting to compare the inflows with other asset classes. For example, special funds in the asset class of equities recorded outflows of EUR 5.9 billion in the second quarter. For the asset class of bonds, there were outflows of EUR 97 million. “These figures show that institutional investors are carrying out a reallocation in the crisis. They are withdrawing funds from securities funds and redistributing them to property funds in some cases,” says Schneider.

In line with inflows, the net fund assets of all open-ended special property funds also continued to grow during the coronavirus. Compared to a level of EUR 124.3 billion before the crisis at the end of March 2020, they had reached EUR 127.1 billion already by the end of June. This corresponds to an increase of EUR 2.7 billion in three months. By way of comparison, growth had come to EUR 2.5 billion in the same period of the previous year. Michael Schneider: “The figures show that property investments remain in high demand and industry assets are continuing to increase. However, a slight dip in this growth can be seen from February 2020 onwards as compared to the very good year 2019. This is where the impact of the pandemic is reflected in the statistics.”



The number of vehicles also developed positively. Overall, the number of open-ended special property funds rose by seven between March and April (March: 540 funds, June: 547 funds). For comparison, the number of funds went up by 20 in the whole of the very good first quarter of 2020 (December 2019: 520 funds, March 2020: 540 funds).

“The figures show that the very good first quarter can partly offset the weaker second quarter. This also matches our own company’s development. At INTREAL, the number of funds in the Partner Funds business unit rose by twelve in H1 2020, eleven of which were attributable to the first quarter,” says Schneider. In this business unit, the third-party AIFM offers customers such as asset managers and project developers without an AIFM licence all services relating to the launch and administration of an alternative investment fund (AIF). In the AIF Administration Services business unit, the number of funds administered by INTREAL increased by 16 in H1 2020. In this segment, INTREAL performs services for other licensed management AIFMs.

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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 328 employees, the INTREAL Group has many years of property expertise and detailed, highly professional knowledge of fund administration.

INTREAL administers 182 funds via a wide range of external fund partners, with a total investment volume of around EUR 34.3 billion (all figures as at the end of the first Quarter of 2020).