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INTREAL GROWS BY AROUND EUR 950 MILLION IN Q2

- ◆ Assets under administration increase to EUR 34.3 billion as at end of June 2020
- ◆ 182 administered funds (up by 7) with a total of 1,461 properties under administration (up 58)
- ◆ Staff headcount increases by 18 to 328 in Q2
- ◆ Growth expected to slow towards the end of the year on account of COVID-19
- ◆ Focus in Q2 2020 on implementing ESG regulations

IntReal International Real Estate Kapitalverwaltungsgesellschaft mbH (INTREAL), Germany's leading third-party real estate AIFM, continued its growth path in the second quarter of 2020. Assets under administration (AuA) rose to EUR 34.3 billion at the end of June, representing an upturn of around EUR 950 million against the first quarter of 2020 (EUR 33.3 billion as at 31 March 2020). Nonetheless, the impact of the coronavirus pandemic did slow the pace of growth, as a comparison against the first three months of the year shows: INTREAL's AuA picked up by EUR 1.9 billion in the excellent first quarter.

Michael Schneider, Managing Director of INTREAL said: "We generated excellent quarterly figures in light of the tough economic conditions from mid-March. Although the growth curve flattened off somewhat due to the coronavirus pandemic, as expected, property funds remain in high demand even during the crisis. We have been seeing a return to substantially higher investor demand and concrete capital commitments since as early as mid-May. We also prepared and launched attractive new property fund concepts in the last quarter. Accordingly, INTREAL generated key growth momentum for the second half of the year in the second quarter, which was heavily shaped by COVID-19."

Seven new funds were launched from April to June 2020 and the number of properties under administration rose by 58 in the same period. As at 30 June 2020, the third-party AIFM therefore administered 182 funds and a total of 1,461 properties.

Unconstrained by the coronavirus pandemic, INTREAL hired new staff in the second quarter in response to its growth. 18 new employees were recruited between April and June, boosting the staff headcount to 328. "Investing in qualified staff is essential to continuing to ensure high-quality services moving forwards. Of course, this is also true in economically challenging times. Our 328 employees at our locations in Hamburg, Frankfurt and Luxembourg allow us to ensure that our business model is viable and sustainable in the future," said Schneider.

Slightly stronger growth in AIF Administration Services segment than in Partner Funds

INTREAL's business is essentially divided into two major segments – Partner Funds, which accounts for about 60% of AuA, and AIF Administration Services, which makes up about 40% of administered assets.

The Partner Funds segment grew by approximately EUR 431 million to EUR 20.5 billion in the second quarter. In this segment, the third-party AIFM offers asset managers and project developers not licensed as AIFMs all services for the issue and administration of alternative investment funds (AIFs).

The AIF Administration Services segment generated growth of almost EUR 526 million in the second quarter of 2020, climbing to around EUR 13.7 billion. As part of this segment, INTREAL performs services for other licensed AIFMs, including complex administrative services such as reporting, controlling, fund accounting and investment/risk management.

Another focus of the last few months has also been on expanding and building up the INTREAL holdings Real Exchange AG (REAX) and easol GmbH. REAX brokers shares in property funds between institutional investors on the primary and secondary market. As the secondary market can be particularly relevant in crisis situations, the market timing for this exclusive service is certainly available at the right time. Commenting on this, Schneider added: "At REAX, which was launched as an open market platform, the stake acquired by established market player Real I.S. represents a key milestone in business development.

easol offers an all-in-one IT solution for managing properties, real assets and other property funds. easol gained new customers, including the strategic investor and asset manager CR Investment Management. These successes show that our strategy of investing in new companies that offer services complementing our own business is paying off."

Focus on ESG in H2 2020

The topic of sustainability will take centre stage at INTREAL in the second half of the year. "ESG criteria are increasingly important in our industry. European legislation is driving this change and sustainability is becoming imperative. Although this does entail substantial additional costs in some cases, it does not necessarily run contrary to our profitability targets. We all have to integrate ESG into our processes. INTREAL has created its own, internal group of experts for this topic and will help its fund partners prepare for the new regulations to the best of its ability," said Schneider.

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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).