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REAL ESTATE ASSETS UNDER ADMINISTRATION OF INTREAL GROW BY 7,2 BILLION EUROS TO 38,5 BILLION EUROS IN 2020

- ◆ Fourth-quarter business ensures faster growth year on year
- ◆ 195 administrated funds (+34) with a combined total of 1,607 managed properties (+276)
- ◆ Four new fund partners added
- ◆ Workforce grows to 341 by year-end
- ◆ Focus in 2021 to be on ESG implementation and Luxembourg business

IntReal International Real Estate Kapitalverwaltungsgesellschaft mbH (INTREAL), the leading third-party AIFM in Germany's real estate sector, grew faster in 2020 than it had the year before, and it did so despite the dampening effect of the coronavirus pandemic during the months of April through June, boosted in particular by the dynamic business performance during the concluding quarter. By the end of December 2020, its assets under administration (AuA) totalled 38.5 billion euros. This implies an increase by c. 2.8 billion euros since the end of the third quarter (up from 35.7 billion euros as of 30 September 2020). For the year 2020 as a whole, the increase added up to c. 7.2 billion euros (up from 31.3 billion euros as of 31 December 2019). The AuA increase during the year before had equalled 6.9 billion euros.

Michael Schneider, Managing Director at INTREAL, summarised the performance of 2020: "After a brisk start into 2020, the restrictions imposed in response to the Coronavirus pandemic during the months of April through June 2020 initially put the damper on the business performance of INTREAL and its partners, too. This makes it even more reassuring to find the interest in fund products of the real estate asset class undiminished among institutional and private investors, the fact being reflected in a corresponding demand for administrative services for property fund products."

By year-end 2020, INTREAL administrated 195 property funds, which means an increase of 34 funds year on year. The number of properties under management increased by 276 to now 1,607 assets (2019: 1,331 assets).

Capital Expenditures to Keep Building up the Team and Expanding the Service Areas

"Of course, this kind of business performance creates its own challenges for us because we want to keep providing our services to our partners as professionally and in the same high quality as always while also wishing to be prepared for current market trends and changed requirements," Schneider explained. "To ensure all of the above, we invested extensively in human resources, processes and IT in 2020. Successfully setting up the new INTREAL branch in Frankfurt with around 20 staff was highly important to us. Moreover, we kept optimising our central structures and, for instance, merged service areas related to the control of cash flows and of cash and cash equivalents in our new Treasury department." Overall, INTREAL has 341 employees on its payroll now who have extensive know-how and experience in all areas of the fund business and in the real estate industry, and who make this expertise available to our clients. "We are particularly grateful to all of our employees who made the success of INTREAL possible in the first place through their

tireless dedication—despite difficult parameters—day after day. Going forward, we will continue to pay particular attention to the successful integration, personal development and long-term loyalty of our employees,” added Andreas Ertle, the Managing Director in charge of human resources.

Fast Growth Rates in Both Business Units, AIFM Services and Partner Funds

The business of INTREAL essentially divides into its two major business lines, these being partner funds and AIFM services. Both contributed substantially to the brisk growth of INTREAL in 2020. In its partner funds business line, the third-party AIFM offers asset managers and property developers without AIFM license, among others, any service relating to the launching and administrating of alternative investment funds (AIF). In its AIFM services business line, INTREAL takes over the provision of services from other AIF management companies, including complex administrative tasks like reporting, controlling (management accounting), fund accounting or equity investment management and risk management. While the partner funds division accounted for around 57 percent of the AuA by the end of 2020, the AIFM services division managed around 43 percent of the assets administrated by INTREAL.

The AuA in the partner funds segment increased by c. 1.5 billion euros in Q4, up to 22.8 billion euros. During the year’s last three months, 5 new funds were added to the number of funds managed in this line of business, bringing the total up to 105 funds now. Overall, c. 4.1 billion euros in AuA and 17 new funds were added in the course of the year.

In the AIFM services business unit, the AuA grew by c. 1.3 billion euros during the fourth quarter of 2020, the new total being c. 15.8 billion euros. The number of funds for which services are provided increased by 4, bringing the total as of 30 December 2020 up to 90 funds. The AuA increase for AIFM services year on year approximated 3.1 billion euros, and here, too, 17 new funds were added. Thus, the number of investment funds administrated by INTREAL in either business unit increased by 34 overall.

INTREAL also managed to win four new fund partners during the 2020 financial year, three of them in the partner funds segment, and one in the AIFM services segment. This raised the number of fund partners collaborating with INTREAL to 46 by the end of the year, with the partner funds segment accounting for 38 thereof and AIFM services for eight. On top of that, several new fund partners have been taken aboard in the time since whose funds will launch in 2021.

The continued expansion of the business segment of open-ended public property funds also played a major role in 2020. All in, the company works for six fund providers in this segment whose AuA reached a total of 2.1 billion euros by the end of the year. Schneider commented: “The segment followed a stable trend despite the difficult market environment created by COVID-19. At this time, we have far advanced in our preparations for the next fund. Assuming the economic recovery picks up steam during the second half of 2021, I expect to see additional funds offered in this segment, too.”

Outlook for 2021: Focusing on ESG and Expanding Activities in Luxembourg

In 2021, INTREAL expects to see the growth continue, yet it will definitively depend on the extent to which the coronavirus pandemic can be curbed and its adverse macroeconomic consequences be limited. Even at this time, though, the large number of new funds being set up, the capital commitments already secured, as well as the notarised property transactions and projects in an aggregate volume of c. 6 billion euros that will be added to the funds by 2022, already have a stabilising effect. In addition to the current business, the focus in 2021 will be on the emerging ESG regulations, as well on the expansion of activities in Luxembourg. “Implementing the ESG regulation and the development of products to match it will keep gaining in significance for the fund industry over the coming months. We are closely watching the development, and will make sure that our fund partners are in a position to provide the necessary administrative support in this as in other

areas; for instance, by developing a corresponding reporting standard in addition to the implementation of the new regulatory requirements for companies and fund partner products,” as the head of INTREAL observed.

On the subject of Luxembourg, Schneider said: “Although we expect the Fund Location Act (FoG), whose draft bill is now on the table, to optimise established fund vehicles and attractive new product approaches for the German market, Luxembourg will remain the most important fund location in Europe. This is why we opened an office there, even before COVID-19 struck. In Luxembourg, we will offer our partners an even greater service spectrum than we have so far been able to. The idea is to live up to requests from international clients and, at the same time, to assist our predominantly German asset managers with their international activities.”

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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 open-ended and closed-end property funds or the outsourcing of AIFM back offices to INTREAL. Employing 341 staff, the INTREAL Group offers long-term real estate know-how along with detailed and highly professional fund management expertise.

INTREAL collaborates with quite a number of third-party fund partners to administrate 195 investment funds with a combined investment volume of c. 38.5 billion euros (all figures as of quarter-end Q4 / year-end 2020).