

Hamburg, 22 May 2023

## INTREAL Increases Assets under Management to 63.7bn Euros in Q1 2023 despite the Challenging Environment

- ◆ Further growth by 1.6 billion euros during opening quarter
- ◆ Number of properties under management grew to 2,537 by 31 March 2023 (+78 during Q1)
- ◆ Total of 294 funds under administration (-3 during Q1)
- ◆ Keen demand for advisory services by INTREAL Solutions as well as for AIFM services and central administration solutions at the Luxembourg site
- ◆ Cautiously positive outlook for the year as a whole

For IntReal International Real Estate Kapitalverwaltungsgesellschaft mbH (“INTREAL”), Germany’s leading third-party AIFM in the real estate sector, the 2023 financial year was off to a good start. The assets under administration (AuA) of the Hamburg-based administration specialist increased by 1.6 billion euros during the first quarter, climbing to c. 63.7 billion euros by 31 March 2023. It implies a 2.5-percent increase since the end of the previous financial year (31 December 2022: 62.1 billion euros). This means that INTREAL has managed to continue its growth trajectory of recent years even in the current market environment, which is defined by a wide variety of challenges, although the growth dynamic has clearly slowed in regard to new investment fund launches and transactions, as was to be expected.

The number of funds administrated by INTREAL, which represents the balance of newly launched funds versus funds wound up, declined by three funds and equalled 294 overall on 31 March 2023. By contrast, the number of property assets under management continued to grow, increasing to 78 assets and adding up to a total of 2,537 assets by the reporting date.

Parallel to the continued growth of the assets and properties administrated by INTREAL, the Company kept reinforcing its IT and human resources as planned – not least to satisfy the growing demand for the know-how from INTREAL’s advisory business that INTREAL Solutions offers, as well as for Luxembourg-specific fund solutions, including in the infrastructure segment. Overall, INTREAL employed 495 staff in its three office locations in Hamburg, Frankfurt and Luxembourg by the end of the quarter, prompting proportionate office enlargements in Hamburg and Frankfurt and a complete removal to larger premises in Luxembourg.

### High Occupancy Rates, Increasing Rental Income and an Attractive but Insufficient Real Estate Supply Keep Market Stable while Limiting Potential for Further Growth

Michael Schneider, Managing Director at INTREAL, commented: “Given the further growth of our assets under administration by over one-and-a-half billion euros, while also considering the robust demand for the services of INTREAL Luxembourg and INTREAL Solutions as well as the capacity of our staff to provide these, our financial year to date has been off to a successful start. The many challenges that define the current market environment make it all the more reassuring for us to see that we managed to maintain our growth course throughout the first three months of 2023. Notwithstanding the fact that transaction activities in general took a nosedive, we achieved a net increase by 78 properties for the funds administrated by us. In other words, the rapid rise in market interest rates did not stall the market altogether, and some high net

worth investors and funds are already anticipating a sweet spot for acquisitions within the investment cycle. But on the whole, there are few attractive standing properties on the market at present, and even fewer suitable new-build developments. The situation is not about to change in the foreseeable future. Property asset holders with a modern, risk-diversified real estate inventory that has proven crisis-resilient in recent years generally tend to benefit from the low debt financing conditions granted for the long term in recent years – especially when combined with low overall debt capital ratios, high vacancy rates and significant recent rent hikes and the associated stable cash-on-cash returns. As a result of the effectively stalled construction of new buildings, the supply of modern and ESG compliant properties could actually remain very limited for a long period of time. What is currently a buyer's market could therefore quickly turn into a seller's market in the medium term, especially when you consider the growing scarcity of assets on the market that are suitable for fund purposes.”

## **Partner Funds Remain the Largest Business Unit, ahead of AIFM Services**

Although the number of funds administrated in the partner funds segment decreased by four funds, which are either going through their scheduled wind-up or else had their launch date postponed, in the course of the first quarter of 2023, the partner funds unit accounted for a total of 156 administrated funds and thus remained the larger of the two main business divisions of INTREAL. The assets under administration (AuA) in the partner funds segment approximated 34.6 billion euros as of 31 March 2023 and thus accounted for about 54 percent of the total AuA of c. 63.7 billion euros. Compared to the total reported at the end of the previous financial year, the AuA in the partner funds segment grew by nearly one billion euros. In its partner funds division, the third-party AIFM offers every kind of service relating to the launching and administrating of alternative investment funds (AIF) to asset managers and property developers who have no AIFM licenses of their own, among other clients.

For AIFM services, which is the second main business unit of INTREAL, the AuA total grew by over 0.6 billion euros to c. 29.1 billion euros during the first quarter of 2023, which equals around 46 percent of the total AuA of INTREAL. In the AIFM services division, INTREAL provides services on behalf of other licensed AIF management companies, including complex administrative tasks like reporting, controlling (management accounting), fund accounting or equity investment management and risk management. The number of funds under the company's management in the AIFM services unit increased by one to a total of now 138 during the first quarter of 2023.

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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 every service an AIF management company (KVG) provides without having to form one of their own. Options include the launching of open-ended and closed-end property funds or the outsourcing of AIFM back offices to INTREAL. Employing 495 staff, the INTREAL Group offers long-term real estate know-how along with detailed and highly professional fund management expertise.

In Luxembourg, the largest investment fund centre in Europe, INTREAL is represented by its subsidiary, INTREAL Luxembourg. INTREAL Luxembourg is an independent AIFM and central administrator for Luxembourg-domiciled real estate funds and real estate-related assets classes for German and international clients.

Through another subsidiary, INTREAL Solutions, the company makes its comprehensive property fund experience available to other market players within the scope of best-practice consultancy. These advisory services combine the IT subject with other specialist areas like ESG, risk management and process consulting.

INTREAL collaborates with a large number of third-party fund partners to administrate 294 investment funds with a combined investment volume of c. 63.7 billion euros (all figures as of the end of Q1 2023).