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## INTREAL Increases Assets under Administration by 1.1 Billion Euros in Q2

- ◆ Assets under administration grew by 1.1 billion euros to 64.8 billion euros
- ◆ Number of properties under management grew to 2570 by 30 June 2023 (+33 during Q2)
- ◆ Total of 298 funds under administration (+4 during Q2)
- ◆ Outlook remaining cautiously optimistic

IntReal International Real Estate Kapitalverwaltungsgesellschaft mbH (“INTREAL”), Germany’s leading third-party AIFM in the real estate sector, continued its growth trajectory during the second quarter of 2023. As of 30 June 2023, assets under the administration (AuA) of this Hamburg-based administration specialist had an approximate value of 64.8 billion euros. It implies an increase by c. 2.7 billion euros or 4.3 percent since the end of the previous financial year (31 December 2022: 62.1 billion euros). Compared to the end of the first quarter of 2023, the growth amounted to 1.1 billion euros or 1.7 percent.

The number of funds administrated by INTREAL, which represents the balance of newly launched funds versus funds wound up, increased by three funds and thus equalled 298 overall as of 30 June 2023. In a parallel development, the number of properties under administration—meaning the balance of acquisitions and dispositions successfully completed by INTREAL fund partners—continued to grow. During the quarter under review, the net number rose to 33 assets, which means that INTREAL had a total of 2,570 assets under management by the reporting date. This shows that the transactions market for attractive buying and selling options still works or started working again in some cases.

In sync with the sustained growth of the assets and properties under the administration of INTREAL, another 19 specialists and executives were hired for a wide variety of tasks. With a workforce of 514 across the company’s three offices in Hamburg, Frankfurt and Luxembourg, the total number of employees crossed the mark of 500 persons for the first time ever by the end of the quarter.

### **Market Environment Remains Challenging – Partially Growing Rent Revenues Increase Property Values**

Michael Schneider, Managing Director at INTREAL, commented on the development during the second quarter: “With an increase by more than one billion euros for our assets under administration, we maintained our growth trajectory from the first quarter right through the second quarter even if the actual growth—like that of the previous quarter— was predictably less dynamic than it had been during the previous two bumper years. Considering the persistently challenging market environment, it is a rather reassuring development. Since the AuA growth figures include new funds and properties along with the ongoing reappraisal of the total inventory, we can primarily derive two major positive signal from the latest developments. The yield adjustments triggered by the capital market rate development, on the one hand, and investors’ return expectations on the real estate buyer and seller side, on the other hand, have begun to close in on each other, at least in certain sub-segments. As a result, real estate investments have regained their appeal and prompted renewed, albeit still very cautious, capital commitments, new investment funds or transactions on

the fund level. This is a trend that is sure to continue in the coming months. Another aspect is that the generally young fund and real estate portfolio of the INTREAL fund partners, which focus on asset classes like residential, logistics or food retail real estate in selected investment locations, are evidently so far not as hard hit by impairments attributable to the trend in market interest rates and to uncertainties regarding future cost trends, e. g. in the context of the increasingly important ESG requirements. Furthermore, the high inflation rates as well as the supply shortages in certain sub-segments, such as the rental housing market, open up rent review options that, on balance, actually cause fund properties partly to appreciate. Both aspects illustrate that selected and actively managed properties and real estate funds have not, even and especially not in the current market environment, lost their key product advantages, and that they have established themselves within the scope of strategic asset allocation as an even more important investment form than they used to be. In the second half-year, we expect to see a continuation of the current trends, and therefore remain cautiously optimistic in regard to the business development of INTREAL, not least because we are aware of additional growth impulses, particularly within the sphere of INTREAL Luxembourg, to acquire new and existing fund mandates in the real estate sector but also in the infrastructure fund segment.”

### **Partner Funds Remain Largest Business Unit, with AIFM Services Catching up**

In the course of the second quarter of 2023, the number of funds administrated in the Partner Funds segment dropped by one vehicle, yet Partner Funds remained the biggest main business division of INTREAL with a total of 155 administrated funds. Its assets under administration (AuA) approximated 35.1 billion euros as of 30 June 2023 and thus accounted for about 54 percent of the company’s total AuA of c. 64.8 billion euros. Compared to the situation by the end of the past financial year, AuA in the Partner Funds segment increased by c. 1.4 billion euros, with the second quarter accounting for 0.4 billion euros thereof. 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 volume grew by c. 0.7 billion euros to c. 29.7 billion euros during the second quarter of 2023, and thus continued to account for around 46 percent of the total AuA of INTREAL. Here, the increase since the end of the 2022 financial year amounts to nearly 1.3 billion euros. 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 segment increased by five during the second quarter of 2023, bringing the total up to 143. Moreover, INTREAL signed up another two fund partners during the second quarter.

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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 real estate funds or the outsourcing of AIFM back offices to INTREAL. Employing 514 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 asset classes for German and international clients.

Through another subsidiary, INTREAL Solutions, the company makes its comprehensive real estate 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 298 investment funds with a combined investment volume of c. 64.8 billion euros (all figures as of the end of Q2 2023).