

**Infrastructure**

The market is currently ahead of the investors

Luxembourg

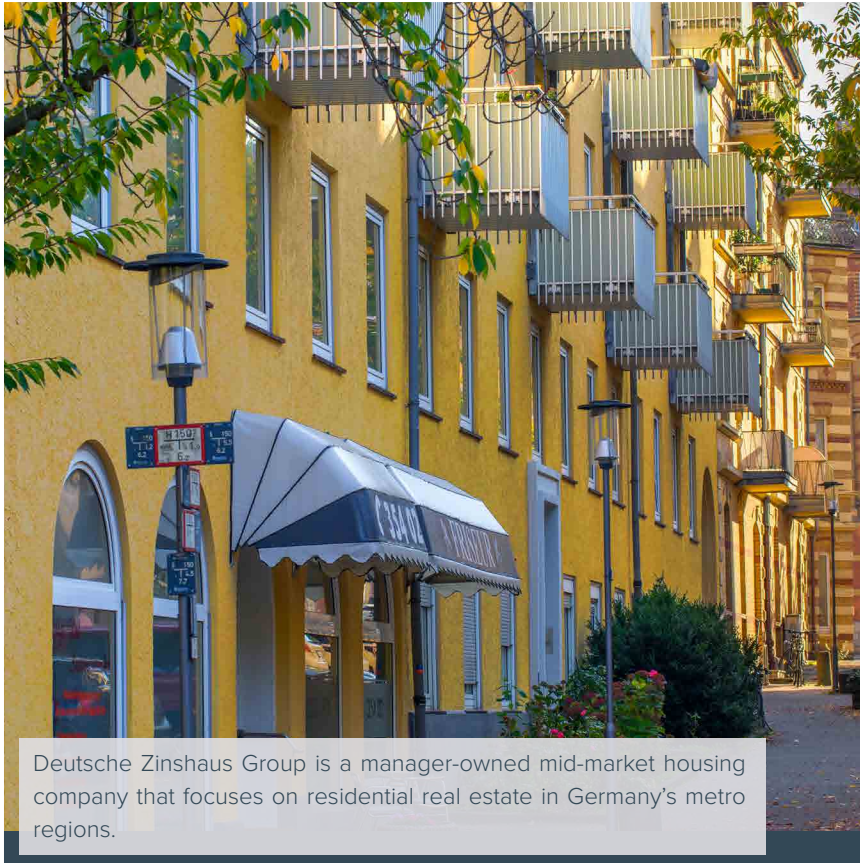
“The place to be” for Europe’s fund industry

INTREAL

Stability through responsibility

INTREAL

INSIGHT

FACTS AND TRENDS**01 — 2025**

Deutsche Zinshaus Group is a manager-owned mid-market housing company that focuses on residential real estate in Germany’s metro regions.

Luxembourg: “The place to be”
for Europe’s fund industry

Serge Weyland, CEO, ALFI

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Luxembourg | INTREAL maintains a presence in Europe’s leading investment fund domicile through its subsidiary, INTREAL Luxembourg. INTREAL Luxembourg has been licensed by the Luxembourg Financial Supervisory Authority (CSSF) as independent AIFM and central administrator for real estate and infrastructure funds as well as for private debt and fund of funds for these asset classes.

Luxembourg: “The place to be”
for Europe’s fund industry

Serge Weyland, CEO, Association of the Luxembourg Fund Industry (ALFI)



Dear Reader,

as a fund centre, Luxembourg is the undisputed number 1 within the European Union, ranking second worldwide. In terms of asset classes, alternative investments have been a key driver of growth and continue to enjoy lively interest. They are currently the most important growth segment, with their total AuM in Luxembourg now amounting to more than 2.4 trillion euros.

The momentum in infrastructure investments in the context of energy transition and the use of ESG criteria by investors as a matter of course are likely to further boost this trend. At the same time, investment funds are increasingly establishing themselves as providers of debt capital, complementing the range of traditional bank financing.

Against this backdrop, witnessing INTREAL Luxembourg branch out into infrastructure and private debt was no surprise. After being granted a CSSF licence as AIFM and central administrator for real estate funds in April 2021, they successfully applied for licences for the infrastructure and private debt segments and for fund of funds investing in these asset classes in 2023.

These licences are not only an important milestone for INTREAL Luxembourg, but also encouraging news for the Luxembourg investment fund industry. ALFI has been driving the development of the private assets sector in Luxembourg for many years, and we are delighted that the move to Luxembourg has clearly paid off for INTREAL and puts it on track to further expand its activities.

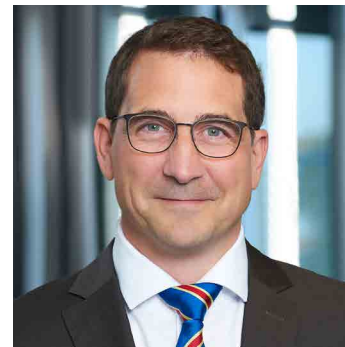
We are honoured to count INTREAL Luxembourg among the members of our association and are certain that their commitment to Luxembourg as a fund centre will pay off. We would like to congratulate the INTREAL team on their new infrastructure and private debt business and wish them continued success in Luxembourg!

Serge Weyland, CEO,
Association of the Luxembourg Fund Industry
(ALFI)



Stability through responsibility

Camille Dufieux, Andreas Ertle & Malte Priester — Management Board of INTREAL



INTREAL saw several senior staff changes in 2024, including the appointment of Camille Dufieux and Malte Priester to the Management Board of IntReal International Real Estate KVG (“INTREAL”) and the retirement of Michael Schneider. INTREAL Insight seized the opportunity to sit down with the entire Management Board for an interview, discussing both the company’s past performance and outlook.

CAMILLE DUFIEUX, ANDREAS ERTLE AND MALTE PRIESTER: LOOKING BACK AT 2024, WHAT WERE THE MAIN DEVELOPMENTS IN THE MARKET AND FOR INTREAL?

Camille Dufieux: We started into 2024 with cautious optimism, and while not expecting to see a lot of new investment funds, we did expect some. And this expectation was actually met. One should add that there was virtually no demand for pool funds and blind pools, the focus being on individual funds and club deals instead. As far as asset classes go, investors were most interested in logistics and retail assets while not ruling out occasional investments in selected office properties within the scope of a club deal, for instance.

Andreas Ertle: For INTREAL, the year 2024 brought not just scheduled staff changes in the senior management but also the formation of our consulting subsidiary, REAX Advisory, and the fact that our IT consulting subsidiary, INTREAL Solutions, became an established presence in the market. In addition, we were able to set the main agenda for the future development of the INTREAL Group by successfully filling certain executive positions. The focus here will be to address the operative challenges in a fluid market environment in close cooperation with all members of staff.

Malte Priester: Aside from the senior staff changes that were meant to strengthen the company’s further growth and its expansion into new business lines, we also cleared major organisational and technical milestones, most notably in the context of introducing INTREAL Connect as leading market platform for the interaction of investors, fund partners and service providers.

WHAT KIND OF DEVELOPMENTS DO YOU ANTICIPATE IN 2025? WHICH TRENDS AND DRIVERS WILL SHAPE THE MARKET ACTION MORE THAN OTHERS?

C. D.: As far as the overall market goes, we have been noting for some time that value adjustments are losing in significance. However, a major risk remains insofar as real estate companies and asset managers may become insolvent, a threat that has caused many investors to maintain a very cautious approach. But in fund sales, we have nonetheless noted that interest has perked up slightly. So, we are likely to see the number of new funds match the level of 2024, at least, as the year progresses. These new funds will continue to be individual funds and club deals rather than pool funds, while in terms of asset classes, demand for private debt will probably go up. The financing issue remains a key factor. There have been several interest rate cuts, and more are likely to follow. But it is still important to

discuss financing arrangements and loan renewals with the respective banks early on and to consider alternatives if needed.

AGAINST THIS BACKGROUND, WHAT DO YOU CONSIDER THE MAIN CHALLENGES IN YOUR RESPECTIVE AREA ON THE BOARD? WHICH SUBJECTS WILL YOU FOCUS ON MOST CLOSELY IN 2025?

C. D.: The most effective way to address the challenges arising from the latest market developments is through a joint effort. That is why we emphasise the close collaboration with our fund partners. Together with our fund partners, we at INTREAL ensure that our investors’ best interest remains centre stage.

Then there is the KVG Services (AIFM services) sector which also keeps gaining in significance. Here, we are aware of particularly high potential for growth because many market players are increasingly forced to keep an eye on their cost income ratios and therefore ponder the possibility to outsource activities that are not part of their core business. As a third-party AIFM, we are ready to take over. Additional focus areas in the next month ahead are Luxembourg and private debt.

A. E.: For international investors who prefer a Luxembourg structure, we successfully positioned INTREAL Luxembourg as a reliable partner over the past years. The infrastructure and real estate debt segments present interesting new options, especially in the current market environment. Our entities both in Luxembourg and in the consulting business in Germany will focus on the effort to acquire additional clients and on the continued development of our spectrum of services. It is important that these companies do not serve as attachments to INTREAL but operate autonomously in the market. This is fully in line with our strategic goal of putting the entire group of companies on a broader basis.

M. P.: One subject that will retain its in-house relevance throughout 2025 is the general digitisation drive, especially in the operational divisions. While we have come a long way in this regard, our ambition is to keep making steady progress. After all, deploying technology will boost our efficiency, on the one hand, while, on the other hand, it will lay the ground for continued growth even in newly added business lines, such as infrastructure or private debt, and enhance our capacity to offer the corresponding products and services.

WHAT SORT OF ADVICE DO YOU HAVE FOR YOUR EXISTING AND PROSPECTIVE CLIENTS AND FUND PARTNERS BUT ALSO FOR YOUR INVESTORS FOR 2025?

A. E.: What comes to my mind immediately is that we, together with our fund partners and investors, pursue common objectives and that we respond collectively to emerging market challenges. We see ourselves as the leading platform in our market segment and as a reliable partner. True to the motto “stability through responsibility,” it is our aspiration – especially in today’s challenging market environment – to collaborate closely with our fund partners in order to ensure that investor expectations are met in the best possible way and that the right kind of products are always at hand to accomplish this.

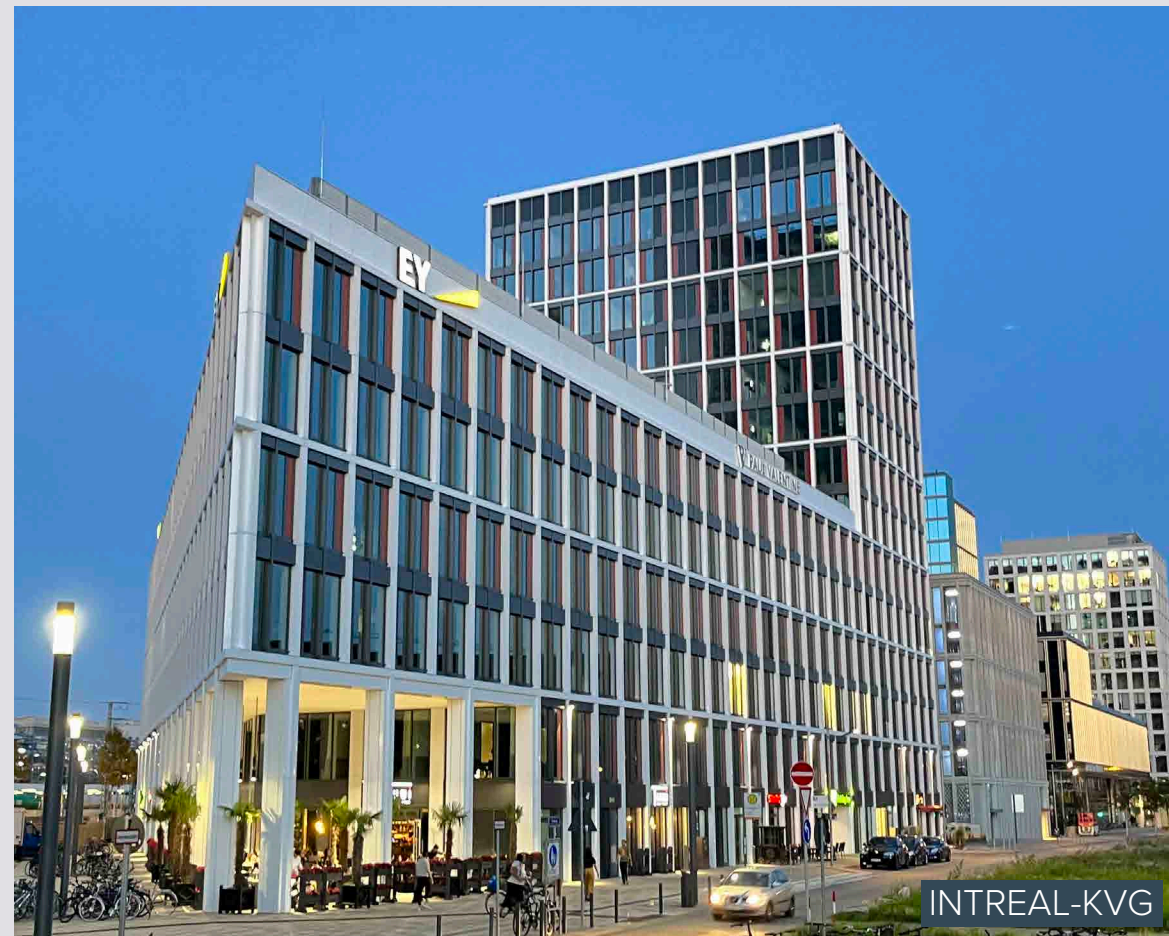
C. D.: We have long demonstrated our ability to do so. We have continued to develop our range of deliverables, we have ways to ensure that the funds remain under stable management even if the asset manager gets into economic difficulties that necessitate a change, and we are able to support investors effectively in their selection of a new asset manager through our subsidiary, REAX Advisory, and its tendering tool.

M. P.: As a side effect of the current market situation, investors and fund partners demand to be briefed far more comprehensively and in more depth. Consistent investments in our IT systems and the continuous evaluation and development of our in-house processes enable us to provide the requested information with the speed and level of detail that is necessary for informed investment decisions under the present circumstances.

WITH REGARD TO THE NEW GERMAN GOVERNMENT: WHICH SUBJECT SHOULD TOP THE POLITICAL AGENDA IN 2025, FROM INTREAL’S POINT OF VIEW?

A. E.: One needs to remember that many of the issues of relevance for us, especially in the regulatory context, are decided on the European level now. But both there and on the national level, it would surely be a good idea to focus on transparency and predictability. In the case of ESG issues, for example, it is of essence to know as early as possible just what the industry will be facing next and what the specific requirements will look like.

Fund partners & real estate



FONDSGRUND INVESTMENT: PRIME OFFICE REAL ESTATE REMAINS A ROBUST AND FUNGIBLE ASSET CLASS

FONDSGRUND Investment is an independent management-owned investment and asset management company based in Hamburg. Our investors have faith in us when it comes to Grade A office real estate marked by high site and property qualities, stable cash flows and a qualification under Article 8 of the European Sustainable Finance Disclosure Regulation.

For a club of institutional German investors that was launched together with INTREAL, we acquired the “No. 1” office and hotel property of nearly 20,000 sqm, located in direct vicinity of the central railway station of Mannheim, and added it to our asset management portfolio. With the “FGI German Diversity I” special AIF, which is classified under Article 8 and which will also focus on Grade A core office properties in prime locations in Germany, we are exploiting the current market cycle of historically low entry prices. Currently being prepared for launch, it will have a target volume of 300 million euros and be administrated by INTREAL.

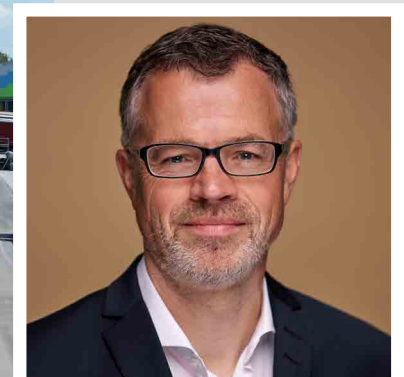
Dietrich Wittenberg, Managing Partner, FONDSGRUND Investment



DEUTSCHE ZINSHAUS GROUP: FOCUSED ON RESIDENTIAL REAL ESTATE IN GERMAN METRO REGIONS

Deutsche Zinshaus Gesellschaft mbH is a manager-owned mid-market company, and focuses on residential real estate in German metro regions as well as on smaller cities and growing regional centres with populations exceeding 50,000 residents. In particular, it concentrates on conurbations in western Germany, preferably campus towns, with attractive economic environments. Since our company was formed in 2010, we have been investing in residential real estate as a property asset holder with a long-term horizon. Through constant optimisation measures and efficient property management strategies, we improve the quality of living and net value of our real estate. The transaction volume realised within our group of companies has grown to more than one billion euros to date. In November 2024, we launched a new alternative investment fund organised under Luxembourg’s RAIF regime together with INTREAL Luxembourg. The flexible RAIF structure enables us to respond quickly to changing market conditions and thereby to offer our clients a high degree of flexibility and potential.

Philipp Kraneis, Managing Partner, **Lars Greve**, Managing Director, **Moritz Kraneis**, Managing Partner, Deutsche Zinshaus Gesellschaft



GARBE INDUSTRIAL REAL ESTATE: BESPOKE LOGISTICS REAL ESTATE FOR AUTOMOTIVE MANUFACTURERS

Based in Hamburg, GARBE Industrial Real Estate is a leading manager of logistics, light industrial and technology real estate in Germany and in Europe. In late 2021, we acquired a logistics centre in Pilsting in the greater Dingolfing area while it was in the planning stage. Throughout the property’s development, we consistently ensured its optimisation for the automotive industry. Successfully so: Well ahead of its completion, the property was let in its entirety to a renowned auto maker – size-wise, it was the second-biggest lease deal on the German market in 2023.

Dr. Peter Bartholomäus, Head of Fund Management & Capital Markets, Member of the Board, GARBE Industrial Real Estate

TOP Press items

Press release

+++ INTREAL NEWS +++

Outlook 2025 for the real estate investment market

Germany's real estate transaction market has moved past its trough. After three difficult years for the real estate industry, the underlying conditions are improving in 2025. The main reasons for saying so are the drastically slowed inflation rate and the lower interest rates as a result of the ECB's key lending rate cuts this year. However, the onset of another boom cycle is not to be expected for the time being. Asset classes particularly sought by investors are residential and logistics. By contrast, the office sector calls for a very differentiated view.



For the full-length
press release, go to
our homepage:



Press release

+++ INTREAL NEWS +++

Experts anticipate inflows for the real estate debt asset class

The real estate private debt segment registered barely any activities over the past two years. There was simply too much unease in the real estate market still. But by 2025, at the latest, we are likely to see an increase in the number of new real estate debt funds along with a renewed inflow of institutional money into this asset class. The market is already showing signs of resurgent activity. But there have been structural changes: Mezzanine capital barely plays a role anymore, the focus having shifted to whole loans. Yield rates are significantly higher than they were during the low-interest cycle.



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Press release

+++ INTREAL-SOLUTIONS-NEWS +++

INTREAL Solutions successfully completes SAP S/4HANA-transformation for 350 funds

INTREAL Solutions successfully completed the migration of around 350 investment funds and over 450 real estate companies to the SAP S/4HANA platform. The transformation, which substantially enhances the efficiency and scalability of systems, was concluded within just two-and-a-half years. Normally, such transformation projects can take up to five years when involving large enterprises. SAP S/4HANA is an ERP software that businesses use to organise and control their day-to-day processes – everything from marketing to accounting, and from logistics to human resources and procurement.



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Press release

+++ REAX ADVISORY NEWS +++

REAX Advisory launches first tendering pool for asset managers

REAX Advisory GmbH just set up Germany's first tendering pool for asset managers. It offers interested asset managers the possibility to add their names to a list for future tender procedures by institutional investors or management companies who are looking for the best asset managers to take care of their real estate investments. Conversely, potential clients have the option to limit their searches to relevant candidates according to their specific requirements, and thus to make their tender procedures as efficient as possible.



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Infrastructure: The market is currently ahead of the investors

Markus Schmidt, Head of Business Development Infrastructure, INTREAL

Real assets keep gaining ground as a crucial component of institutional investment portfolios. Aside from real estate, this is true in particular for infrastructure investments, especially in the field of renewable energies. INTREAL Insight discussed the subject with Markus Schmidt, Head of Business Development Infrastructure at INTREAL.

MARKUS SCHMIDT, CERTAIN MARKET PLAYERS DUBBED 2024 THE “YEAR OF INFRASTRUCTURE” EARLY ON, ANTICIPATING A RUN ON THIS ASSET CLASS. DID EVENTS ON THE GROUND LIVE UP TO THESE EXPECTATIONS, AND WHAT IS THE WAY FORWARD FOR THE INFRASTRUCTURE SEGMENT IN 2025?

We need to differentiate between the investment market and the market for the various infrastructure products. The investment market for real assets was still hampered by strong restraint, which was definitively due to the quick and drastic surge of interest rates in the eurozone since summer of 2022. Real estate investments were harder hit by the situation than infrastructure investments, as the latter benefited from slightly stronger demand. But to call it “Year of Infrastructure” would certainly be overstating the fact. The market for renewable energies presents quite a different picture. Here, the expansion did make very good progress in 2024, and today far more than half of the electrical power consumed in Germany is produced from renewable energy sources. And it has been a truly positive experience. In fact, there were quite a few days this summer whose entire electricity demand was covered by “renewables.” We also coped quite well with a dark doldrum in November. It prompted neither a blackout nor a brownout, and the general acceptance of the use of renewable energy sources keeps rising. In this sense, the market is actually a bit ahead of investors at the moment.

WHICH ROLE DOES THE REGULATORY FRAMEWORK PLAY IN THIS CONTEXT? WHAT SORT OF ISSUES IN THIS AREA SHOULD BE ADDRESSED BY GERMANY’S GOVERNMENT?

The continued development of the regulatory framework is of key importance for investors in this segment, and there were two major legislative projects in Germany last year that I would like to highlight as

positive: the Second Company Pension Reinforcement Act (2. BetrRentStG) and the Second Future Financing Act (ZuFinG II). Draft bills for either law have been submitted, and these, if passed, could significantly increase the appeal of this asset class for investors. Infrastructure investments are to be added to the German Investment Ordinance (AnlV) while investments by real estate funds into renewable energy facilities are to become easier. So, these legislations should be fast-tracked and passed into law as soon as the new government takes office. But regardless of that, we already have the capacity to help interested fund partners and their investors launch infrastructure funds and to have them administrated on their behalf by INTREAL Luxembourg.

WHICH SEGMENTS IN THE INFRASTRUCTURE MARKET PRESENT THE MOST INTERESTING OPPORTUNITIES FOR INVESTORS, IN YOUR OPINION?

My first choice would certainly be photovoltaics and wind turbines, which have already become a standard asset class. But data centres, battery storage systems and the entire network infrastructure is also highly important. A particularly encouraging signal in this context is the approval of Germany’s hydrogen core network, which took only 18 months to advance from the initial idea to the parliamentary process and all the way to the approval by the Federal Network Agency. While this area remains rather alien to many investors for the time being, that is likely to change quickly in the coming years as Germany plans to remain an advanced economy.



Latest News

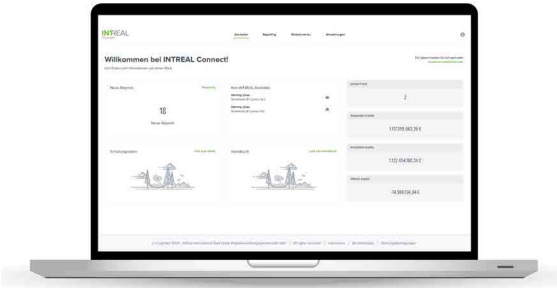


INTREAL SOLUTIONS: IT CONSULTING & IT SERVICES New website

INTREAL Solutions offers IT solutions along the entire value chain of the real estate industry. Its portfolio includes: software templates from custom-configured SAP S/4 HANA ERP systems and integrated partner solutions, cyber security applications, managed services for the IT infrastructure, IT compliance solutions and financial services (corporate accounting) – plus the associated specialised consulting services. As a leading service provider in the field of digital ecosystems, INTREAL Solutions never loses sight of the need to optimise IT-based business processes on the client side.

In 2024, INTREAL Solutions celebrated its tenth anniversary, and presented its comprehensive spectrum of service and consulting deliverables on a re-designed homepage right at the start of the year.

Scan the QR code to visit the new website of INTREAL Solutions:



THE MODERN CUSTOMER PORTAL OF INTREAL INTREAL Connect

The introduction of INTREAL Connect in 2024 set a new standard for centralising communication and data exchange, optimising processes and digitalization the collaboration between INTREAL and its fund partners, investors and service providers as well as other target groups. Today, more than 2,000 users are active on the platform. They take advantage of new options, such as self-serve fund reporting, efficient risk monitoring through standardised alerts concerning fund-specific threats, and a streamlined contact management.

The next step will be to expand the range of deliverable by adding the option to have relevant customer documents centrally provided for our stakeholders in a single place. This will be complemented by various work flows for fund management activities, among other things. The steady development and expansion to include new features will make INTREAL Connect the central site for INTREAL clients to access or disclose all relevant data in a quick and easy manner. This is where digital collaboration with INTREAL takes place. At the same time, it lays the foundation for a customer-friendly, lean and digital organisation of INTREAL’s processes.

INTREAL highlights of 2024

- > 66 bn. euros in Assets under Administration
- > 2,700 real assets
- > 300 funds

Current status: December 31, 2024



Camille Dufieux
Managing Director
Portfolio Supervision
INTREAL
T +49 40 377077-800
cdufieux@intreal.com



Rudolf Kömen
Managing Director Portfolio Management
INTREAL Luxembourg
T +352 288 013-11
rkoemen@intreal.com



Sina Gittrich
Head of AIFM Services
INTREAL
T +49 40 377077-602
sgittrich@intreal.com



Annika Dylong
Managing Director
REAX Advisory
T +49 40 377077-500
adylong@reax-advisory.de



Viola Gronsfeld
Management Assistant |
Marketing & Relationship Management
INTREAL
T +49 40 377077-901
vgronsfeld@intreal.com



Regina Arens
Director Customer Relationship
Management, INTREAL
T +49 69 509540-705
rarens@intreal.com



Philipp vom Wege
Head of Portfolio Supervision
INTREAL
T +49 40 377077-809
pwege@intreal.com



Marko Broschinski
Head of Sales
INTREAL Solutions
T +49 40 808163-679
mbroschinski@intreal-solutions.de

IntReal International Real Estate
Kapitalverwaltungsgesellschaft mbH
Ferdinandstraße 61
D-20095 Hamburg

IntReal International Real Estate
Kapitalverwaltungsgesellschaft mbH
Erlenstraße 2
D-60325 Frankfurt a. M.

IntReal Luxembourg S.A.
6B rue du Fort
Niedergrünwald
L-2226 Luxembourg



www.intreal.com | info@intreal.com | T +49 40 377077-000

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Solely binding basis for the purchase of shares in the "FGI German Divercity I" open-ended special AIF pursuant to Art. 284, German Capital Investment Act (KAGB), are the investment terms and other contract documents, the key investor information document pursuant to Art. 307, Sec. 1 and 2, KAGB, the basic information sheets as amended and the most recently published annual report. Please be sure to study these before finalising your decision whether to invest. Shares in the special AIF must not be marketed to private investors as defined by Art. 1, Sec. 19, No. 31, KAGB.

The special AIF at hand represents an actively administrated investment fund whose management is not linked to any benchmark index. By subscribing shares, you will acquire an interest in a given special AIF rather than acquiring any actual assets held by that fund.

The fund invests primarily in real estate and therefore in illiquid assets. Depending on the circumstances, it may prove difficult to sell these, so that share redemptions may be subject to delay or may have to be suspended altogether from time to time. For exhaustive details on the risks to which an investment in the special AIF is exposed, please see the Art. 307 document of the fund. The main risks are also identified in the basic information sheet.

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