

First Closing of KGAL`s Aviation Fund APF 3 Continued success in infrastructure fund raising for 2017, KGAL has successfully raised more than 1/3 of the target volume for its transportation Aviation Fund APF3

Grünwald, 01.08.2017 – KGAL Group has successfully completed the first closing of the KGAL Aviation Portfolio Fund 3 (APF 3) with equity commitments of c. €73 million. In total, APF 3 is targeting an equity volume of €200 million, allowing it to invest up to €400 million in passenger aircraft with a maximum leverage of 50%.

With the continued high level of demand from institutional investors for transportation infrastructure KGAL, one of Europe's leading infrastructure investment & asset managers, launched the fund in Q4 2016, as the identical institutional successor product to APF 1.

“The objective of KGAL APF 3 is to create a portfolio consisting of marketable aircraft that are leased to international airlines. The fund is again targeting solely at the institutional investor market,” said Jochen Hörger, Managing Director of KGAL Investment Management GmbH & Co. KG, explaining the investment strategy. For the previous APF 1 fund, having raised €400 million of capital commitment, has allowed 22 aircraft to be acquired, utilising c. 95% of the available capital. These investments put the fund in the targeted return corridor of 6.5% per annum.

“Institutional investors' interest in stable cash flows through investment in infrastructure vehicles remains unchanged. With the APF 3 aircraft portfolio fund, we are enabling investment in international transport infrastructure, and have therefore won additional new customers in a short period of time – in this instance, predominantly from the pension fund sector,” explained Florian Martin, Speaker of the Executive Board of KGAL Capital GmbH & Co. KG. Additional criteria that investors believe speak for commitment to APF 3, are good returns and marketable aircraft types paired with solid asset and risk management as well as positive “Solvency II effects” which are attractive for insurance companies.

KGAL has been successfully structuring and financing aircraft investments for over 35 years, and holds two strategic joint ventures in this sector with Deutsche Lufthansa AG. An investor survey on the subject of aviation, conducted by KGAL in May 2017 (https://www.kgal-group.com/service/downloads_32162.html), indicates that institutional investors' interest in aircraft leasing business is seeing a sharp rise due to the attractive ratio of risk to return. 97% of investors surveyed consider the combination of outstanding asset knowledge and well-founded marketing expertise to be very important or important in the selection of an asset manager.

KGAL Group is a leading, independent asset and investment manager with an investment volume of €21.5 billion, across 87,000 investors. The Group, founded in 1968, operates across Europe and has its registered office in Grünwald near Munich. It focuses on long-term capital investments for institutional investors in the property, aircraft and infrastructure asset classes. 335 employees contribute to achieving earnings that are stable in the long term, taking into account aspects of revenue and risk. (Published December 31, 2016)

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