

KGAL increased its newly subscribed equity capital by 36.2 percent in 2016

- **Real Estate transaction volumes at a record level**
- **Internationalisation successfully driven forward**
- **New business segment Debt Investments established**

Grünwald, Munich, Germany, 22 February 2017 – The KGAL Group raised almost 930 million euro of institutional capital in the 2016 fiscal year. This extremely successful result was achieved to a large extent due to Real Estate. KGAL also successfully completed one of the most significant transactions on the German office real estate market, closing the deal for the Telekom headquarters in Bonn. The transaction volume for KGAL across all asset classes (Real Estate, Infrastructure and Aviation) totalled more than 3.0 billion euro, of which 2.1 billion euro came from the Real Estate sector alone – a new record.

Real Estate

2016 was an extraordinarily strong year for the KGAL Group's Real Estate segment, which achieved a transaction volume of around 2.1 billion euro – more than doubling the previous year's earnings of 930 million euro. With respect to acquisitions, the Real Estate segment purchased properties amounting to more than 840 million euro. At the same time, it recorded disposals and transfers of ownership from the fund and real estate leasing portfolio to the value of 1.2 billion euro, resulting in a cumulative transaction volume of around 2.1 billion euro. Although purchases and sales of office and retail properties were primarily concentrated in Germany, large-volume transactions were also undertaken in Austria and Hungary.

Aviation

The Aviation division posted a transaction volume for 2016 of around 453 million euro. It also arranged structured financing (Japanese operating leases) of 626 million euro. A total of 10 aeroplanes were purchased, with an investment volume of 375 million euro, and three planes were sold, with a volume of 78 million euro.

Excellent investment progress was recorded for the Aviation Portfolio Fund 1 (APF 1). The fund was closed with 400 million euro of equity capital, and a total of 435.5 million euro has already been invested in aeroplanes, with a target volume for this institutional aeroplane fund of 800 million euro. Following APF 1, an additional aeroplane portfolio core product was successfully launched in the form of Aviation Portfolio Fund 3 (APF 3), focussing on investment in marketable

passenger aircraft of various types of aeroplane. The target return is 6.5% per annum with a term of 10 to 12 years. In addition, a new club deal (APF 4) was designed in 2016, and this has already been issued.

A survey completed by KGAL's institutional investors in August 2016 revealed that investors in aviation funds place particular value on asset expertise, a low correlation with other investment forms, and sustainable aeroplane portfolios. The yields expected from investments in the Aviation asset class vary depending on the investment focus.

Infrastructure

The Infrastructure segment has succeeded in launching its hydropower business with the purchase of its first hydro projects in Italy and Norway. KGAL has continued to strengthen its position in Scandinavia by way of a transaction relating to two wind parks in Sweden. Nonetheless, the asset class has seen conservative investment overall in 2016, at 81.9 million euro, due to the saturated investment environment.

New Debt Funds segment established

Since 2016, KGAL has been participating in the market not only through closed equity real estate funds for institutional investors, but also regulated debt funds. Although debt funds are currently only available in the Aviation portfolio, products for the Real Estate and Infrastructure asset classes are already in the pipeline.

"The KGAL Group had an extremely successful end to 2016, and created important momentum for the 2017 fiscal year. We are pushing ahead with internationalisation through new joint ventures, subsidiaries and products designed for international investors," explained Gert Waltenbauer, Chairman of the Management Board of KGAL GmbH & Co. KG. "With around 1.5 billion euro of available investment capital for the three asset segments of Real Estate, Aviation and Infrastructure, we are well equipped for 2017."

Please find attached digital image material for this press release. Please cite "KGAL/Marcus Schlaf" as picture source".

KGAL GmbH & Co. KG, a German asset and investment manager with its registered office in Grünwald near Munich, has been initiating and managing long-term real capital investments with sustainable and stable yields since 1968. The company's portfolio of services comprises the design and management of funds for institutional investors. Our in-house experts have many years of experience, which is reflected in the high quality of KGAL products in the central asset segments of Real Estate, Aviation and Infrastructure.

As at 31 December 2016, the KGAL Group was managing an investment volume of EUR 21.5 billion. The company currently manages investments in 112 active closed-end funds for 87,000 investors (including multiple subscriptions). Investors have entrusted EUR 7.5 billion in equity capital to KGAL for these funds. The KGAL Group has 335 employees (as at: December 31 2016).

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