

KGAL places ESG residential real estate fund

First closing achieved in record time with equity commitments of 370 million euros

Grünwald, 14.04.2021 – KGAL Investment Management has completed the first closing and made the first investment within just a few months of the launch of a special real estate fund classified as Article 8 under the EU Sustainable Finance Disclosure Regulation. The "KGAL Wohnen Core 3 Fund", which specialises in sustainable residential real estate in Germany, pursues a climate-neutral investment concept with transparent ESG criteria, and the fund's investment locations are selected using a research-based scoring model.

The KGAL Wohnen Core 3 Fund has a strong deal pipeline of approximately 240 million euros in high-growth A-cities, and following the first closing a major investment in Munich could be realised imminently. In accordance with KGAL Group's climate strategy, the fund's ESG strategy means that all target properties must undergo comprehensive ESG due diligence in advance. "Social aspects such as affordable housing also play a major role as part of this review," says André Zücker, Managing Director of KGAL Investment Management and responsible for the real estate asset class. "In every case, we ensure that the fund is climate neutral by means of KGAL making a compensation payment for non-avoidable CO2 emissions."

Florian Martin, Managing Director responsible for KGAL Investment Management's institutional clients, attributes the rapid success in the placement to several factors: "On the one hand, investors are convinced by our ESG strategy and the quantitative, research-based scoring model we use to identify high-potential locations. KGAL's access to assets and its long-standing proven ability to successfully manage residential neighborhoods were other key considerations for investors."

"As with the first closing, we are looking for a homogeneous investor base of institutional investors, such as insurers and pension funds," Martin continued. The Fund, which has a target equity volume of 400 million euros, can be expanded up to a hard cap of 500 million euros in equity. The maximum leverage is 50 percent. "Due to the high current placement volume and the soft commitments already made for the second closing, we confidently expect to

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place the fund this year beyond the original target volume of 400 million euros," Martin concluded.

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KGAL is a leading independent investment and asset manager with assets under management of around €11.2 billion and assets under administration of €4.0 billion. The focus of the investments is on long-term real capital investments for institutional and private investors in real estate, infrastructure and aircraft. The group, which operates throughout Europe, was founded more than 50 years ago and is headquartered in Grünwald near Munich. 345 employees contribute to achieving sustainably stable earnings, taking into account return and risk aspects (as of 31 December 2020).

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