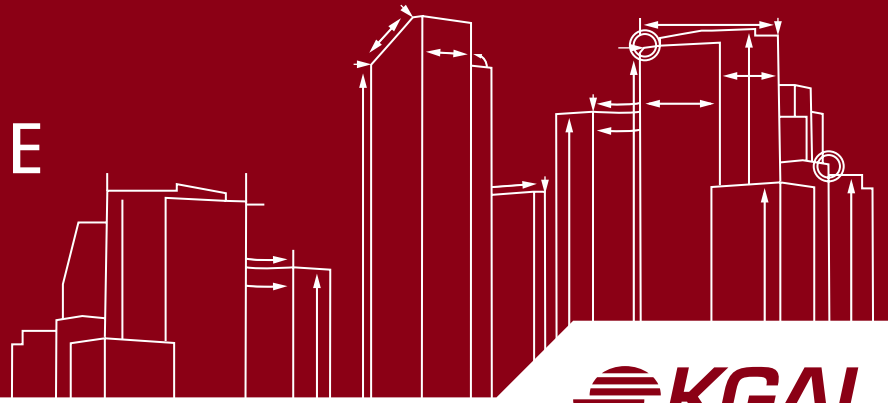




# REAL ESTATE



## REAL ESTATE RETURNS TO SOUND GROWTH

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We got it right: the market is booming and the value of good real estate is rising by up to ten per cent every year. The sector is doing well with the maxim „location, location, location“ and will probably continue to do so.

As investors we think in terms of time spans lasting several decades. Approval periods, construction times and the high capital expenditure inevitably mean all real estate is a long-term asset. A property's value will always depend on its location.

The attractiveness of real estate can change, especially when people change their lives and habits.

## MEGATRENDS ARE KEY

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Catchphrases are urbanisation, digital revolution and work-life balance. The real estate industry is taking up such trends and offering new forms in the live/work/play triangle, such as co-living concepts, smart offices and in logistics.

The decisive factor is whether it is actually a change in behaviour or merely a short-term



trend. The sociologist William H. Whyte formulated a truism: „What attracts people most, it would appear, is other people.“

## PEOPLE AS THE FOCUS OF INVESTMENTS

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Investments in real estate are investments in people. Fund strategies bundle the needs of users and model their solutions. They are successful when they are precisely developed and clearly defined. For example, a walkability concept can exist alongside a retail strategy and a hotel fund.

Successful investment strategies rely on long-term needs. Real estate must offer sufficient space for change in order to be attractive in the long term. Man is the measure of all things. To keep ahead, many small steps are necessary.

That's why our real estate experts work on ideal solutions at all levels. This gives rise to our claim to also present good locations at their best in the future.

# 71

*real estate experts*

# >1,000

*portfolio and individual pieces of real estate*

## MANY YEARS OF EXPERTISE

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KGAL has been active on the real estate market since the company was founded in 1968. To date, it has acquired real estate in individual or portfolio transactions for more than € 20 billion. A huge range of investment vehicles have been used in this process: public funds, private placements, special funds and other structured financing solutions. 71 employees

in the real estate sector within KGAL cover a wide range of services. They secure market access (transaction management), develop attractive concepts for investments in real estate (portfolio management), manage active commitments and objects (asset management), and make it possible to always react to market developments at an early stage (risk management).



*“Investment in real estate requires a long-term perspective. Demographic developments and trends play a key role.”* André Zücker

## OFFICE: FLEXIBLE WORKING ENVIRONMENTS

In office real estate, KGAL focuses on properties with functional and high-quality facilities, as well as reasonable rental structures and lessees with good credit ratings.

The location also plays a key role: real estate in the „Big 7“ German cities – Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart – is preferred, alongside real estate in attractive major European cities such as Amsterdam, Budapest, Dublin, London, Paris, Warsaw and Vienna.

## RESIDENTIAL REAL ESTATE: LOCATION IS KEY

KGAL Group has implemented various fund structures for numerous residential building stocks across Germany since 1999. In the residential real estate sector, it focuses primarily on core investments with low volatility and long-term potential for value enhancement. Comparing the various real estate classes, residential real estate in A-rated locations is traditionally associated with the lowest risk, making them particularly suitable for defensive investment strategies.

## REFERENCES



Jannowitz Center, Berlin: Representative, ten-storey office property with retail space in a prime location in Berlin-Mitte.



Kálvin Square, Budapest: Architecturally pleasing office property in a prime location, right in the historic center of the city.

## RETAIL REAL ESTATE: SEEKING THE EXPERIENCE

With retail real estate, KGAL Investment Management is currently focused on neighbourhood hubs with mixed use, as well as attractive retail parks in Germany and neighbouring foreign countries.

A combination of the factors of basic provisions, dominance in the submarket, and future viability, forms the basis for a robust cash flow across all economic cycles.

## DIVERSE REAL ESTATE PORTFOLIO



- Office 58%
- Retail 28%
- Residential 9%
- Others 5%

Active investment volume in real estate

Use types in % of the active portfolio

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