

## APF 1 fully invested at €800 million

KGAL Aviation launches new fund concepts for institutional investors

**Grünwald, Germany 07.03.2019 – KGAL Group’s Aviation asset class further consolidated its position on the German market in the 2018 financial year. KGAL Group will offer institutional investors two new fund concepts for aviation investments in 2019. The total investment volume managed increased to €2.1 billion in 2018 (2017: €2 billion).**

Aircraft investments were highly sought after in the 2018 financial year. “The rate of investment was extraordinarily high,” reports Jochen Hörger, Managing Director of KGAL Investment Management GmbH & Co. KG, who is responsible for the Aviation asset class. “With investment totally more than €520 million, it is clear that 2018 was another very successful year.” The company acquired eleven aircraft for its portfolio fund. These aircraft, says Hörger, are exclusively from the latest generation of short- and medium-haul aircraft (narrowbodies).

### Aviation portfolio fund established on the German market

The company succeeded in effectively filling its current Aviation Portfolio Fund 1 (APF 1) and Aviation Portfolio Fund 3 (APF 3). APF 1 is fully invested with a total investment volume of €800 million. As part of this fund, 23 aircraft, of which most were narrowbody, were leased to nine different lessees on three continents. By the end of 2018, over €220 million in equity had been raised for the follow-up product, APF 3. Interest in the APF 3 fund continues to be strong, explains Florian Martin, Managing Director of KGAL Capital GmbH & Co. KG. “As such, we are optimistic about hitting our target of €400 million equity by mid-2020.” To date, six planes have been bought for the APF 3 fund, primarily narrowbodies, and KGAL Investment Management will continue to fill the APF 3 fund over the course of this year. “Our quantitative risk analyses carried out with external partners reflect the particular attractiveness of this asset class. It is therefore also clear from our observations that investment in aircraft is increasingly establishing itself among institutional investors,” emphasizes Martin.

### Attractive returns for private investors

Six funds with private investors have been successfully closed with the sale of the aircraft. In addition, KGAL has also successfully implemented Japanese operating leases for two Lufthansa Airbus A350 models through Lufthansa Leasing (one of two ventures with Lufthansa).



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**Two new fund concepts for aircraft in the 2019 financial year**

KGAL Investment Management GmbH & Co. KG intends to build on this success and is already planning two new fund concepts, which are aimed at international institutional investors in particular. One of the planned fund products will pursue a core strategy with long lease terms and particularly marketable aircraft, and will offer stable long-term yields. Another fund that is currently being planned will pursue the same investment strategy as GOAL German Operating Aircraft Leasing GmbH & Co. KG and will invest in core-plus and value-adding transactions. GOAL is KGAL’s second joint venture with Lufthansa. Jochen Hörger says: “GOAL has been pursuing this strategy for over 20 years – and with great success.” As such, the planned fund will have a higher target yield.

The KGAL Group is a leading independent investment and asset manager with an investment volume of €20.5 billion. The investments focus on long-term capital investments for institutional and private investors in the real estate, infrastructure and aviation asset classes. The Group, founded more than 50 years ago, operates across Europe and has its registered office in Grünwald near Munich. Taking into account aspects of revenue and risk, 355 employees help achieve stable yields on a sustainable basis (As at 31/12/2018).



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