

Press Release

Capital Bay Ends 2021 with Highest Annual Profit in Company's History

- **Assets under management increased by 12 percent year on year**
- **Realised transaction volume approximated 2.4 billion euros**
- **Equity capital in the triple-digit millions raised among institutional investors**
- **“360 Operator” macro platform of operator brands grows to 11,000 units under operation**
- **Collaborations set up with modular construction specialist Daiwa and Gulf Islamic Investments**
- **Honoured as most innovative AIM and top employer**

Berlin, 21 February 2022 – For the Capital Bay Group—an internationally active investment, asset, property and facility manager and property developer for real estate of every use type who integrates all value chain levels—2021 proved to be the most successful year in the company's history. For one thing, it increased its assets under management by nearly twelve percent to c. 7.5 billion euros during the past year. It also completed transactions totalling c. 2.4 billion euros and raised equity capital in the triple-digit millions among institutional investors and family offices. For these, its institutional investor and family office mandates, Capital Bay launched three investment vehicles—one whole-loan fund, a self-storage fund, and a proptech fund—in 2021 whose combined target volume equals 1.8 billion euros. Overall, Capital Bay currently manages 11 alternative investment funds (AIF).

“The successful year just concluded confirms that our strategic orientation is pointing in the right direction,” said George Salden, CEO of Capital Bay. “We offer internationally active institutional investors a comprehensive investment and asset management package by integrating our own operating companies along with our property management and facility management divisions. For our investors, this makes us a one-stop manager with end-to-end responsibility for the performance of their properties.”

“While 2021 was yet another year under the sign of COVID-19, the disruptions that impacted the real estate market as a whole in 2020 were not matched in intensity and scale in 2021,”

said Rolf Engel, CFO of Capital Bay. “But due to the uncertainty in other asset classes, demand among institutional investors has grown in the course of the crisis, especially demand for core residential real estate. At the same time, alternative types of use such as serviced apartments or retirement and care home real estate have gained in the investors’ esteem, and are establishing themselves increasingly as genuine alternatives to the classic asset classes residential, office and retail. We assume that this trend will continue in 2022 due to rising demand, persistently low interest rates, the elevated inflation rate, and the absence of investment alternatives.”

Successful Launch of Whole-Loan Fund

In August 2021, the “Capital Bay Europe Secured Whole Loan Fund” was launched with its first portfolio in financing commitments for property developments and investments in London and other major British cities in a loan volume of nearly 400 million euros.

“Given the current market jitters and regulations like Basel III, demand for whole-loan constructs from alternative lenders is rising, in contrast to traditional bank financing arrangements,” said Rüdiger Kimpel, Head of Global Sales at Capital Bay. “Our funds are meant to address this demand. We expect to see large-volume investments during the first quarter. Capital Bay already secured its next financing arrangements in an amount of 200 million euros for other properties in the United Kingdom, which are supposed to be added to the fund by the end of the quarter. With c. 600 million euros invested, the fund will then be among the five largest whole-loan funds in Europe.”

The target volume of the “Capital Bay Europe Secured (CBES) Whole Loan Fund” is 1.5 billion euros. In addition to projects in the United Kingdom, it is meant to finance construction projects in France, Germany and Italy, too.

New Collaborative Ventures: Modular Construction and Senior-Living Real Estate

For Capital Bay, 2021 was also a year under the sign of strategic collaborations. In October, Capital Bay entered into a strategic partnership with Daiwa House Modular Europe, the world’s market leader in industrial modular construction. Together, the two companies intend to set up a platform for the industrial production and distribution for pre-fabricated building modules and entire micro-apartments. The idea is to sell the modules and pre-fab buildings to third-party

customers in Europe in addition to the operator brands of 360 Operator GmbH, the exclusive collaboration partner of Capital Bay. The modules are to be manufactured in a jointly operated large-scale factory whose completion is scheduled for 2024. Using pre-fabricated building modules will cut the time to completion at construction sites by 30 to 50 percent while also reducing construction costs. Moreover, the modular buildings will meet the KfW Efficiency House 40 standard, and the building concept will be fully ESG compliant.

In late August of 2021, the company announced the formation of a joint venture with Gulf Islamic Investments (GII). Its objective will be to set up an investment platform registered in Luxembourg that will launch various investment funds for European senior living real estate in Germany and elsewhere in Europe, the focus being on core-plus and value-add strategies. The idea behind this step is to make the European property market more accessible to investors from the Middle East and North Africa (the so-called MENA region) while replenishing the depleted supply specifically for this property type.

“360 Operator” Platform for Operator Brands Growing Quickly

Having gathered a total of ten operator brands on its macro platform, 360 Operator GmbH acts as Capital Bay’s exclusive collaboration partner. The brands include Curata, Penta Hotels and Staytoo, among others. The operator concepts range from day nurseries to student housing, and from serviced apartments all the way to care facilities. The number of units under operation increased to well over 11,000 in 2021, which implies a year-on-year growth by 35 percent. Among the main drivers of the portfolio growth were acquisitions in the senior living and student living segments. In the medium term, it is planned to raise the number of assets under management to 15,000 units via an active acquisition strategy.

Recognised as Most Innovative AIM and Top Company 2022

Capital Bay’s strategy to take new approaches in investment management as well as to conceptualise and launch innovative forward-looking investment products for institutional investors was honoured by Global Brands Magazine with the Brand Award in the “Most Innovative Investment Manager Germany” category. This makes Capital Bay the only German investment manager aside from Deutsche Bank who scored in the “Investment Awards” category.

In addition, Capital Bay was awarded the seal “Top Company 2022” by kununu, Europe’s largest employer rating platform. This makes the Berlin-based company with the top five percent among the platform’s highest-ranking employers. “The contentment of our employees means the world to us, because only as a close-knit team will we be able to achieve our ambitious goals,” said Rolf Schneider, COO of the Capital Bay Group. “We are all the more pleased therefore to count among the top employers.”

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About Capital Bay Group

The Capital Bay Group SA is an owner-managed, independent investment, asset, property and facility manager for real estate of all types of use, integrated at all stages of the value chain. Overall, the Capital Bay Group SA is responsible for real estate assets of 7,5 billion euros with a focus on Germany and neighbouring European countries. Within the Capital Bay Group SA, the German Capital Bay Real Estate Management GmbH takes over the transaction management, development and administration of real estate. The range of services includes the realization of building rights, the planning and development of new construction projects, the refurbishment and revitalization of existing properties as well as the construction management with its own expert teams and external partners. Capital Bay Fund Management Sarl, a fully regulated, independent Alternative Investment Fund Manager (AIFM) based in Luxembourg, serves national and international, institutional and semi-professional investors in all areas of real estate investments. Capital Bay Group SA thus offers institutional and semi-professional investors the entire range of direct and indirect regulated and non-regulated real estate investments. In addition, with its exclusive cooperation partner, 360 Operator GmbH, the Capital Bay Group SA has access to a platform for the operational management of operator properties. The portfolio of the internationally operating 360 Operator GmbH comprises over 70 properties in operation with more than 11,000 units.

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