

Press Release

Capital Bay launches loan fund for real estate investments and developments in Europe

- New "Capital Bay Europe Secured Whole Loan Fund" launches with a portfolio of residential and commercial projects in and around London
- The fund is seeded with 13 loans to various projects for almost 400 million euros. Further loans with a volume of 500 million euros are in the pipeline
- Planned fund volume is 1.5 billion euros
- Participation possible from 10 million euros

Berlin, 9 August 2021 - The Capital Bay Group, an internationally integrated asset manager, investment fund manager and multi-sector real estate developer is launching a new open-ended credit fund under Luxembourg law. The European umbrella fund "Capital Bay Europe Secured (CBES) Whole Loan Fund" will provide financing for real estate developments and investments in Europe and is starting with an initial portfolio of loans in London and major UK cities. This portfolio was originated by London-based specialist lender EVH Finance. EVH Finance will act as the fund's nominated advisor. The fund's pipeline will expand the portfolio and fund projects in France, Germany, and Italy. The target volume of the fund is 1.5 billion euros. The Internal Rate of Return (IRR) is expected to be between six and eight percent. Institutional investors can participate in the fund from a minimum amount of 10 million euros.

Rolf Engel, CFO of Capital Bay Group and CEO of Capital Bay Fund Management, says: "We have seen during the Corona pandemic that traditional bank financing has declined, especially for project developments, due to the uncertainties in the market and regulations such as Basel III. Project developers are increasingly turning to whole loan from alternative lenders to finance their projects. The CBES Whole Loan Fund picks up on this demand and provides the necessary capital. We already have very high demand for this investment opportunity."

Victor Librae, CEO of EVH Finance, says: "Capital Bay is a highly successful global fund manager, and we are very pleased to be partnering with them on the Secured Whole Loan Fund. We are seeing significant financing opportunities across the UK and Europe and look forward to executing on these through this vehicle whilst providing investors with attractive risk

adjusted returns. This is a significant milestone for our business which was launched in July 2020 and has already committed over 700 million euros.”

The first issue of the "CBES Whole Loan Fund" took place on 03.08.2021. At inception of the fund, various project developments and investments in the UK will be financed with a loan volume of almost 400 million euros. The range of financing commitments extends from 13 to 79 million euros.

Typically, the financing of a project development is made up of equity and debt. Since banks generally do not provide full financing due to regulatory requirements and project developers want to maintain their liquidity, a gap opens between equity and debt capital. This gap can be bridged by subordinated financing. In a whole loan, senior debt, mezzanine capital and bridge are offered by one financing partner and are always senior secured.

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About Capital Bay Group

The Capital Bay Group 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 is responsible for real estate assets of 6.6 billion euros with a focus on Germany and neighbouring European countries. Within the Capital Bay Group, the German Capital Bay GmbH takes over the transaction management, development and administration of real estate. The range of services includes the realisation 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 indirect real estate investments. Capital Bay Group 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 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 10,000 units.

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