

As of August 31, 2023

# Fact-Sheet

## Key Data

|  |  |
|--|--|
| Management company                       | KanAm Grund Kapitalverwaltungsgesellschaft mbH   |
| ISIN/WKN                                 | DE0006791825/679182  |
| Reference currency                       | EUR  |
| Fund type                                | Global open-ended real estate fund   |
| Investment strategy                      | Open-ended real estate fund investing in real estate located primarily in major European and potentially in US cities.   |
| SFDR/MiFID II category <sup>1)</sup>     | Article 8 plus fund since August 1, 2022 (ESG product)   |
| Sustainability features <sup>1)</sup>    | Environmental aspects are among the ESG criteria applied and encouraged when selecting and managing properties for the investment fund, as are good corporate governance criteria when investing liquidity. In addition, the principal adverse impacts (PAIs) of investment decisions on certain sustainability factors are taken into account. The indicators considered by the investment company are »fossil fuels,« »energy-inefficient real estate assets,« and »energy consumption intensity.« |
| Launch date                              | July 15, 2013/first capital received from investors on November 20, 2013   |
| Appropriation of income                  | Distributions  |
| Income distribution                      | In May of each year; the distribution primarily comprises the income from properties, equity interests in real estate companies, and the liquidity portfolio that has not been used to cover costs. The distribution dilutes the unit price accordingly.   |
| Most recent distribution                 | Total distribution of EUR 2.28 per unit on May 2, 2023 (further information: <a href="http://www.LCI-Fonds.de">www.LCI-Fonds.de</a> )  |
| Tax-free portion of income               | As from 2018: partial exemption (60%) in accordance with section 20(3) no. 1 of the InvStG   |
| Minimum investment                       | one fund unit (exceptions depending on the account custodian's rules)  |
| Unit acquisition                         | On each valuation date <sup>2)</sup> at KanAm Grund Kapitalverwaltungsgesellschaft mbH, the Depository, and other credit institutions  |
| Minimum holding period/<br>Notice period | 24 months/12 months  |
| Redemption requests                      | On each valuation date after the minimum holding period and a 12-month notice period have elapsed  |
| Depository                               | M.M.Warburg & CO (AG & Co.) KGaA, Hamburg, Germany   |
| Fund custody options                     | bank securities account  |
| Fiscal year                              | January 1 to December 31   |
| Reporting – Annual Report                | As of December 31, published at the latest four months after the reporting date  |
| Reporting – Semi-annual Report           | As of June 30, published at the latest two months after the reporting date   |

## Key costs and fees<sup>3)</sup>

|   |   |
|---|---|
| Front-end charge                            | Under the Fund Rules up to 5.5% of the unit value; currently 5.5% of the unit value   |
| Redemption discount                         | No redemption discount is levied.   |
| Management fee p.a.                         | Up to 1.5% of the average value of the investment fund, calculated from the values at the end of each month; currently 1.0% p. a.   |
| Depository fee p.a.                         | Up to 0.05% of the average value of the investment fund, calculated from the values at the end of each month; currently 0.05% p. a. |
| Construction, acquisition, and disposal fee | Up to 2.0% of the acquisition cost, the selling price, or the construction/renovation expenses for the property concerned           |
| Total expense ratio <sup>4)</sup>           | 0.95% as of December 31, 2022   |

<sup>1)</sup> Information on sustainability-related aspects pursuant to the Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2988) (»SFDR«) is available in German on the Internet at [www.leading-cities-invest.de/ueber-uns/artikel-8](http://www.leading-cities-invest.de/ueber-uns/artikel-8).

<sup>2)</sup> However, the Company reserves the right to temporarily suspend unit issuance (»CashSTOP«). The fund's units are valued on every exchange trading day. Unit values are not calculated on New Year's Day, Good Friday, Easter Monday, May 1, Ascension Day, Whit Monday, Corpus Christi, German Reunification Day, Christmas Eve, Christmas Day, December 26, and New Year's Eve.

<sup>3)</sup> For a detailed list of costs and fees, see page 48 ff. of the Sales Prospectus, »Management and Other Costs« (only available in German).

<sup>4)</sup> The running costs given here were incurred in the fund's last fiscal year, which ended on December 31, 2021. They can vary from year to year.

**Distribution fees:** The fund management company or the bank that maintains the customer's custody account pays a commission of up to 100% of the front-end charge calculated by the fund management company (sales commission) and regular commission on the units held (trail commission). The distributor must inform the customer of the exact amount of this commission in accordance with section 70 of the »Wertpapierhandelsgesetz« (WpHG – German Securities Trading Act). Asset managers must pass on the sales commission and trail commission to customers.

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## Fund prices

|                             |            |
|-----------------------------|------------|
| Unit value <sup>5)</sup>    | EUR 104.84 |
| Issuing price <sup>5)</sup> | EUR 110.61 |

## Breakdown of fund assets

|  |                          |
|--|--------------------------|
| Fund assets                                  | EUR 1,024.1 million      |
| Real estate assets                           | EUR 1,196.5 million      |
| - of which held directly                     | EUR 547.8 million        |
| - of which held via real estate companies    | EUR 648.7 million        |
| Bank deposits                                | EUR 132.8 million        |
| - of which overnight and fixed term deposits | EUR 99.9 million (75.2%) |
| - of which current account balance           | EUR 32.9 million (24.8%) |
| Liabilities and provisions                   | EUR 258.3 million        |
| Real estate investment ratio <sup>5)</sup>   | 71.2%                    |
| Liquidity ratio (gross) <sup>7) 8)</sup>     | 13.0%                    |
| Debt ratio <sup>9)</sup>                     | 26.4%                    |
| Foreign currency portion <sup>8)</sup>       | 15.3%                    |

## Real estate portfolio structure

|   |                             |
|---|-----------------------------|
| Fund properties                           | 41                          |
| - of which held directly                  | 26                          |
| - of which held via real estate companies | 15                          |
| Locations                                 | 11 countries<br>(27 cities) |
| Leased rate <sup>10)</sup>                | 96.2%                       |

## Investment performance\*

| 12-month period                    | Performance (gross p.a.) ** | Performance (net p.a.) *** |
|------------------------------------|-----------------------------|----------------------------|
| August 31, 2022 to August 31, 2023 | 2.0%                        | 2.0%                       |
| August 31, 2021 to August 31, 2022 | 2.2%                        | 2.2%                       |
| August 31, 2020 to August 31, 2021 | 2.6%                        | 2.6%                       |
| August 31, 2019 to August 31, 2020 | 2.7%                        | 2.7%                       |
| August 31, 2018 to August 31, 2019 | 3.7%                        | -1.7%                      |

\* Past performance is not a reliable indicator of future performance.

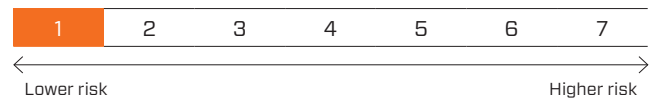
\*\* Gross performance: Calculation according to the BVI method. Basis of calculation: unit value (NAV); distribution reinvested. Costs incurred at the investor level, such as the front-end load, transaction costs, securities account or other custody costs, commissions, fees and other charges are not included.

\*\*\* Net performance for an investment made on August 31, 2018: In addition to the costs incurred at the fund level, a front-end load amounting to 5.5% is presumed at the time of the purchase and deducted in the first year. Other costs do not typically occur. Securities account costs are not included, although they reduce the performance.

## Statistics

|   |         |
|---|---------|
| Volatility <sup>11)</sup> since launch                                    | 0.79%   |
| Solvency (average risk weight in accordance with the CRSA) <sup>12)</sup> | 114.25% |

## Risk and reward profile (SRI) <sup>13)</sup>



<sup>13)</sup> The summary risk indicator (SRI) is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the market or because we are not able to pay you. We have classified this product as belonging to risk class 1 on a scale from 1 to 7, where 1 corresponds to the lowest risk class.

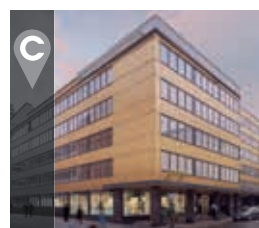
## LEADING CITIES INVEST's six most recent property acquisitions



Location: Enns/Linz  
Property: Cross Dock Upper Austria  
Transfer of ownership: 07/2022



Location: Hartmannsdorf/Chemnitz  
Property: Lambda  
Transfer of ownership: 03/2022



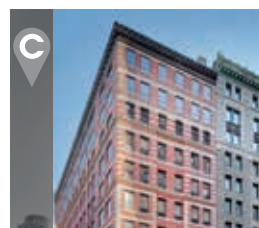
Location: Helsinki  
Property: Fab9  
Transfer of ownership: 03/2022



Location: Lille  
Property: Panorama  
Transfer of ownership: 09/2021 (under construction)



Location: Barcelona  
Property: Pentagon-Portfolio  
Transfer of ownership: 08/2021 (Five Properties)



Location: Boston / USA  
Property: 147 Milk Street  
Transfer of ownership: 03/2021

<sup>5)</sup> As of May 2, 2023, the fund prices were reduced by the amount of distribution (EUR 2.28).

<sup>6)</sup> The ratio of real estate and real estate companies to total assets.

<sup>7)</sup> The available liquidity exceeds the statutory minimum liquidity of 5.0% of fund assets and is required to ensure orderly ongoing management of the properties and for the acquisition of the next properties, among other things.

<sup>8)</sup> Share of fund assets.

<sup>9)</sup> Share of total real estate assets.

<sup>10)</sup> Calculation basis is gross target rental income according to BVI calculation method applicable since January 1, 2017. Included in the calculation are areas, who are under reinstatement before marketing; properties under construction / renovation are not taken into account.

<sup>11)</sup> Volatility is a measure of risk that expresses the extent to which the unit value fluctuates within a given period.

<sup>12)</sup> Credit risk standardized approach (CRSA) in accordance with the EU Capital Requirements Directive (CRD V) and Capital Requirements Regulation (CRR II).

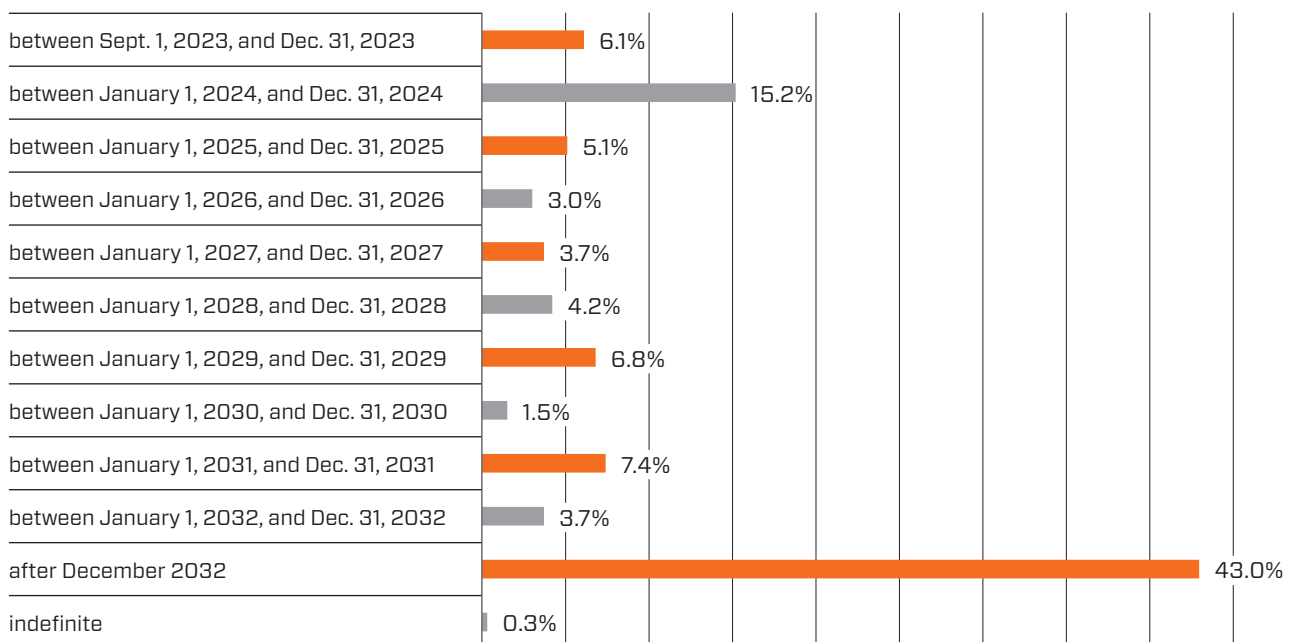
Detailed information on the fund's properties is available on the website at [www.LCI-Fonds.de](http://www.LCI-Fonds.de) (only available in German). Scan the following QR code to access it directly:



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## Expiring Leases / based on the annual rental income

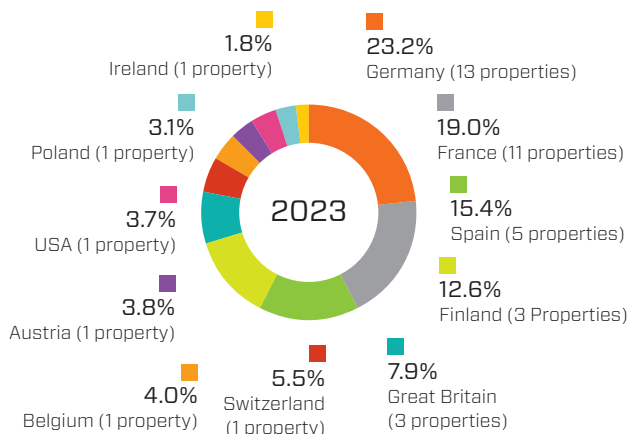
as of: August 31, 2023



## Geographical distribution of properties /

by market value

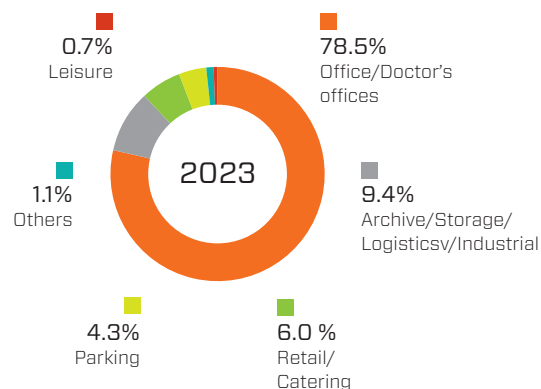
as of: August 31, 2023



## Types of use of properties <sup>14)</sup> /

based on the annual rental income

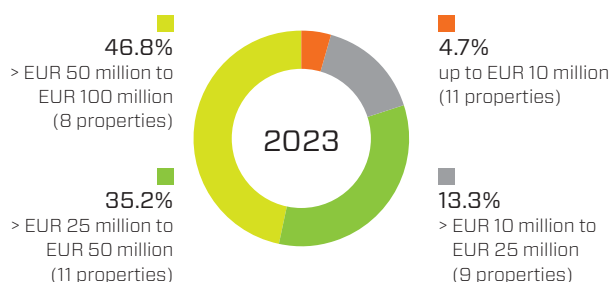
as of: August 31, 2023



## Investment volumes for properties <sup>14)</sup> /

by market value

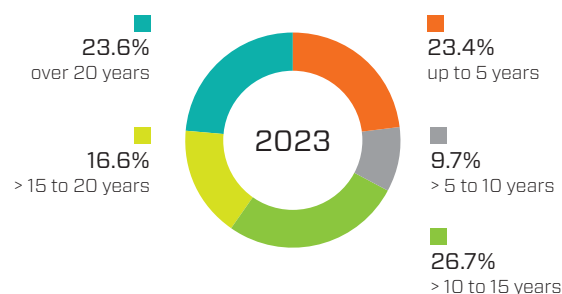
as of: August 31, 2023



## Economic age structure <sup>14)15)</sup> /

of properties by market value

as of: August 31, 2023



<sup>14)</sup> Properties under construction/renovation are not included.

<sup>15)</sup> The age of a property is determined based on the remaining useful life stated in the expert appraisal.

## Fund management report

LEADING CITIES INVEST has a portfolio of 41 properties and is invested in 27 locations in Germany, Belgium, France, the United Kingdom, Switzerland, Poland, Spain, Ireland, Finland, Austria, and the USA. The property portfolio is successfully diversified across the office/doctor's offices, archive/storage/industrial/logistics, retail/catering, parking, and leisure types of use. It is practically fully let (leased rate: 96.2%), with 38.2% of tenants coming from the public sector. The fund is being successively positioned for sustainability as part of the »LEADING CITIES INVEST goes green« initiative. At present, a total of 22 properties with an aggregate value of roughly EUR 941 million have already been or are currently being certified. This corresponds to a certification rate of 78.7% of LEADING CITIES INVEST's total property assets. Since May 1, 2022, the fund has complied with the requirements of Article 8 of the SFDR, meaning that it is classified as an ESG product. As of August 1, 2022, it also started disclosing certain »Principal Adverse Impacts« (or »PAIs« for short). As a result, it can be marketed in future as »sustainable« within the meaning of the MiFID II sustainability preferences (»Article 8 plus fund«). In June 2023, well-known ratings agency Scope awarded LEADING CITIES INVEST an »a-AIF« rating. According to Scope, it is thus »still at a good level« and at the same time achieved second place among open-ended real estate funds investing in office properties in the ranking of retail funds by quality of the real estate portfolio and fourth place in the comparison of all 20 open-ended real estate funds examined. In addition, the KanAm Grund Group won a Scope Award 2021 in November 2020 as Best Asset Manager in the »Retail Real Estate Europe« category. In particular, the award focused on LEADING CITIES INVEST's strengths during the COVID-19 crisis. The fund was also nominated for Scope Awards 2022 in two categories. Scope's most recent asset management rating (June 2023) confirmed LEADING CITIES INVEST's »AA AMR« rating, due among other things to the fact that it consistently returned one of the best performances by European funds in a three-, and five-year comparison. For up-to-date information on LEADING CITIES INVEST, please see our website: [www.LCI-Fonds.de](http://www.LCI-Fonds.de) and particularly the current semi-annual and annual reports.

## Investor profile

### + The fund is suitable:

- for investors looking for a risk-diversified real estate investment vehicle
- for investors interested in real estate investments in selected locations, mainly in Europe but to a limited extent also in the USA, where appropriate.
- for investors interested in a high tax-free portion – overall tax treatment depends on the customer's personal circumstances and may change in the future
- for investors with a medium- to long-term investment horizon of (3) three years, ideally (5) five years

### - The fund is not suitable:

- for investors with an investment horizon of under five years
- for investors who want to consciously exploit market cycles
- for investors who are not in a position to accept restrictions on the availability and saleability of their units.

### Note:

This information does not constitute investment, tax, or legal advice, nor does it represent an offer for the acquisition of fund units. Rather, the information is non-binding and is supplied solely for marketing purposes. This Fact-Sheet is not a substitute for investment advice based on the customer's individual situation and wishes. The current Annual (or any more recent Semi-annual Report), the Sales Prospectus containing the Fund Rules, and the PRIIP-KID are the sole binding documents governing the acquisition of fund units. The Sales Prospectus contains extensive information on the risks. These documents are available free of charge from KanAm Grund Kapitalverwaltungsgesellschaft mbH, the depositary and the fund's sales partners. In addition, the documents can be downloaded online at [www.leading-cities-invest.de/servicecenter/downloadcenter](http://www.leading-cities-invest.de/servicecenter/downloadcenter). A German-language summary of investors' rights is also available for download at [www.kanam-grund.de/de/Beschwerdeformular](http://www.kanam-grund.de/de/Beschwerdeformular). Information on sustainability-related aspects pursuant to the SFDR (Regulation (EU) 2019/2088) is provided at [www.leading-cities-invest.de/ueber-uns/artikel-8](http://www.leading-cities-invest.de/ueber-uns/artikel-8). The units of LEADING CITIES INVEST are not traded on a »regulated market« (section 2(11) of the »Wertpapierhandelsgesetz« (WpHG – German Securities Trading Act)). However, they are currently traded over the counter on several exchanges without the approval of the management company. The management company assumes no liability in this regard and in addition cannot give any assurance that they will not cease to be traded over the counter in the future. This Fact-Sheet complies to a very large extent with the current requirements of the WpHG, the relevant pronouncements and requirements issued by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – German Financial Supervisory Authority), and the recommendations by the Bundesverband Investment und Asset Management e.V. (BVI – Investment and Asset Management Association). However, it does not cover all information that is required to be provided in accordance with the WpHG. In particular, distributors must inform customers of the exact amount of commission received in accordance with section 70 of the WpHG. **Sales restrictions:** KanAm Grund Kapitalverwaltungsgesellschaft mbH and LEADING CITIES INVEST are not and will not be registered under the United States Investment Company Act of 1940, as amended. Units in the fund are not and will not be registered under the United States Securities Act of 1933 as amended or under the securities laws of any state of the United States of America. Units in LEADING CITIES INVEST are not permitted to be offered or sold either in the United States or to or for the account of a US person. Detailed information on the sales restrictions can be found in the current Sales Prospectus. All opinions expressed represent the current views of KanAm Grund Kapitalverwaltungsgesellschaft mbH; however, these can change at any time without prior notice. The information contained in this document is based on an assessment of the current legal and tax situation. However, this assessment can change at short notice at any time, and any such changes may be retrospective. Please see the Sales Prospectus for further tax information. We recommend that anyone wishing to acquire, hold, or dispose of investment fund units obtain advice from a professional tax advisor as to the individual tax consequences of the acquisition, holding, or disposal of the investment fund units described in this document. We recommend consulting a suitable investment advisor regarding the economic background to the investment and its suitability or appropriateness in individual cases.

## Opportunities and risks

### + Key opportunities

- Investors have the opportunity to benefit from the opportunities to generate returns offered by large, international, high-quality properties while only investing small amounts.
- LEADING CITIES INVEST aims to diversify risk by spreading its investments across different locations, types of use, and lease terms.
- LEADING CITIES INVEST provides inflation protection, since rents are indexed in most cases.
- Thanks to its structure, LEADING CITIES INVEST aims to offer stable income and generally low fluctuations in value.
- Properties are managed professionally by a respected team.
- Investors can take advantage of the 60% tax exemption for the dividend that is set out in the new InvStG. This partial exemption in accordance with section 20(3) of the InvStG applies to all distributions as from January 1, 2018.

### - Key risks

- **Property risks** such as negative changes in the budgeted rental income for properties, declines in value due to negative trends in individual properties or the real estate market as a whole, and changes in the property management costs can impact the investment fund's performance and as a result can also adversely affect the unit value.
- The most important **counterparty credit risk** for an open-ended real estate fund is tenant default risk. This describes the loss of or reduction in rental income due to changes in tenants' ability to pay.
- Other **market risks**, such as interest rate-related risks affecting the liquidity portfolio and debt financing, changes in the price or value of the cash funds invested in financial instruments, and declines in value due to exchange rate changes for assets that are not denominated in the fund currency can also lead to fluctuations in the unit value.
- The main **liquidity risks** are that the cash funds invested will not be sufficient to service redemption requests and to guarantee orderly ongoing management, or that they will not be available when needed. Despite the implementation of measures to generate liquidity, events affecting cash flows may result in the suspension of unit redemption.
- In addition, **operational risks** due to the fund's business processes or external factors can impact the value of the fund assets.
- **Sustainability risks** in the form of negative changes in environmental, social, or governance factors could occur as additional risk factors for the above-mentioned risk types, and could lead to financial losses or reputational damage. As climate change gathers pace, physical and transitional climate risks in particular are becoming relevant as subsets of sustainability risks.

### Note:

Detailed information on the investment objectives, the investment policy, and the risks can be found in the current Sales Prospectus.