

KEY INVESTOR INFORMATION

This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature of the fund and the risks associated with investing in it. You are advised to read it so that you can make an informed decision about whether to invest.

LEADING CITIES INVEST – an open-ended real estate fund;
WKN / ISIN: 679182 / DE0006791825

The fund is managed by KanAm Grund Kapitalverwaltungsgesellschaft mbH, part of the KanAm Grund Group.

Objectives and Investment Policy

LEADING CITIES INVEST'S investment objectives are to generate regular income from inflowing rental and interest payments and ensure capital appreciation.

In line with these goals, the investment company acquires real estate and equity interests in real estate companies. The aim is to achieve a broad-based, risk-weighted spread of fund assets across global real estate markets. The fund invests in promising locations that offer foreseeable returns combined with an appropriate level of risk.

In accordance with the Fund Rules, up to 100% of the value of the investment fund – less the statutory minimum liquidity requirement of 5% of the value of the investment fund – may be invested in the member states of the European Union or in other countries that are signatories to the Agreement on the European Economic Area. The investment company may acquire properties located in countries that are not signatories to the Agreement on the European Economic Area insofar as such countries are specified in the appendix to section 1(2) of the Special Fund Rules and the other conditions for acquisition set out in the Special Fund Rules have also been met.

The fund invests in commercial real estate, such as commercial and office buildings used for administrative, retail, or service purposes. Priority is given to well-appointed office buildings with the longest possible leases. As well as purchasing existing buildings and buildings under construction, the investment company acquires land for projects that it either develops itself or, so as to reduce its risk, has developed by suitable partners. Key considerations when selecting properties include not only their capacity to generate sustainable income, but also a balanced tenant structure and the diversification of the individual properties in terms of their region, location, size, and type of use. The aim of this approach is to ensure optimum portfolio diversification from a risk/return perspective.

LEADING CITIES INVEST is permitted to take out loans in the amount of up to 30% of the market value of all properties in order to finance property acquisitions.

Up to 49% of fund assets are permitted to be invested in liquid assets. If the fund acquires money market instruments as liquid investments, these must have at least an investment grade rating, i.e. the issuer's or borrower's credit quality must

have been rated by a rating agency as good or very good. Other fixed-income securities are only acquired if they are accepted as collateral by the European Central Bank. Finally, the fund is also permitted to acquire items needed to manage its properties. The fund uses derivatives to prevent or mitigate potential losses resulting from interest rate or exchange rate volatility. A derivative is a financial instrument whose value depends on changes in one or more underlyings such as securities or interest rates, although this may not be a straight one-to-one relationship.

The fund bears the transaction costs arising in connection with the purchase and sale of real estate and equity interests in real estate companies. These are incurred in addition to the percentages listed in the "Costs" section and can reduce the fund's return.

The fund's income is generally distributed.

Subject to the rules given below, investors have the right to redeem their units from the investment company on all trading days. However, investors can only redeem their units if they have held them for at least 24 months and have announced their intention to redeem the units at least 12 months previously by issuing the custodian of the units with an irrevocable redemption notice. The former statutory allowance of EUR 30,000 per calendar half-year was abolished as of the date on which the »Kapitalanlagegesetzbuch« (KAGB – German Investment Code) entered into force on July 22, 2013. Consequently, all new investments in LEADING CITIES INVEST, which was launched on July 15, 2013, are subject to the same conditions.

The investment company can suspend unit redemption if extraordinary circumstances make such a suspension appear necessary in the interests of investors. The company can also suspend redemption if the fund does not have sufficient cash and cash equivalents to service all unit redemptions while simultaneously ensuring the fund's orderly ongoing management, or if such cash and cash equivalents are not immediately available.

Recommendation: This fund is suited to investors with a medium- to long-term investment horizon of (3) three years, ideally (5) five years.

Risk and Reward Profile

Investing in LEADING CITIES INVEST offers opportunities for value appreciation and distributions but also exposes investors to the risk of losses.

Property risks:

The fund's rental income may decrease as a result of vacancies or tenant insolvencies. Property locations can become less attractive for tenants, meaning that the rents that can be obtained there are lower. The value of the properties may fall due to lower rental income or market changes. Maintenance may prove to be more expensive than planned. Potential tax law changes may affect the income from the properties.

Development projects:

In the case of construction projects, completion may be delayed or the projects may turn out to be more expensive than was assumed when construction started for a wide variety of reasons. In addition, it may not be possible to lease the completed building immediately, or the obtainable rent may be lower than was assumed when construction started.

Equity interests in real estate companies:

If the fund acquires properties indirectly via a company, this may result in exposure to the risk of changes to company law or tax law, especially abroad.

Debt-financed properties:

If fund properties are loan-financed, any changes in their value have a greater effect on the fund's unit price ("leverage"). This applies both to increases and to decreases in value.

Liquidity risks:

In contrast to shares, for example, properties and other assets cannot be sold quickly. If a large number of investors want to redeem their units at the same time, the fund may not have sufficient liquidity to service all the redemption requests. In such cases, the investment company must suspend unit redemption and, consequently, investors will be unable to access the capital they have invested – possibly for a considerable time. As a last resort, the fund may have to be wound up and all assets sold. It is possible that investors may only receive the liquidation proceeds attributable to their units after the fund has been completely wound up.

Specific price risk:

Losses in value may occur during the minimum holding period of 24 months and the 12-month notice period for redemption if the fair value of the assets falls compared to the purchase price. This means there is a risk that the redemption price received by new investors will be lower than the issuing price at the time the units were purchased or the redemption price at the time the irrevocable redemption notice was issued.

Risks resulting from restricted availability/the minimum holding period:

Reactions to any changes in the general environment (e.g., declining property prices) can only be taken into account after the minimum holding period of 24 months and the 12-month notice period for redemption have been complied with.

Note: Detailed information on the fund's investment objectives, the investment policy, and the risks can be found in the current sales prospectus.

Costs

One-off entry and exit costs:	
Front-end charge	Up to 5.5% (currently 5.5%)
Redemption discount	0.0%
This is the maximum amount that is deducted from your investment before it is made/before your returns are paid out to you.	
Costs deducted from the fund in the course of the fiscal year:	
Ongoing costs	0.99%
Costs that the fund may have to bear in certain circumstances:	
Fees for	
a) Buying and selling properties and for construction measures,	
b) Arranging, preparing, and executing securities lending transactions and securities repurchase transactions, and	
c) Asserting contested claims in court and out of court:	
Up to 2.0% In the case of a) of the purchase or selling price, In the case of b) of the income from these transactions, In the case of c) of the amounts collected for the fund after deduction and payment of the costs incurred the fund in the course of these proceedings (for further details, see the section of the sales prospectus entitled "Management and Other Costs").	The additional management fee for the purchase, sale, and administration of assets (particularly transaction-based fees) amounted to 1.25% of the average fund assets in the last fiscal year ending on December 31, 2017.

The fees and other costs are used to finance the ongoing administration and custody of the fund assets and the distribution of the fund units. Costs reduce investors' earnings opportunities.

The front-end charge given here is the maximum amount. It may be less in individual cases. You can find out the amount that is actually applicable to you from the section of the sales prospectus entitled "Front-end Charge and Redemption Discount," or by consulting the distributor of the fund units.

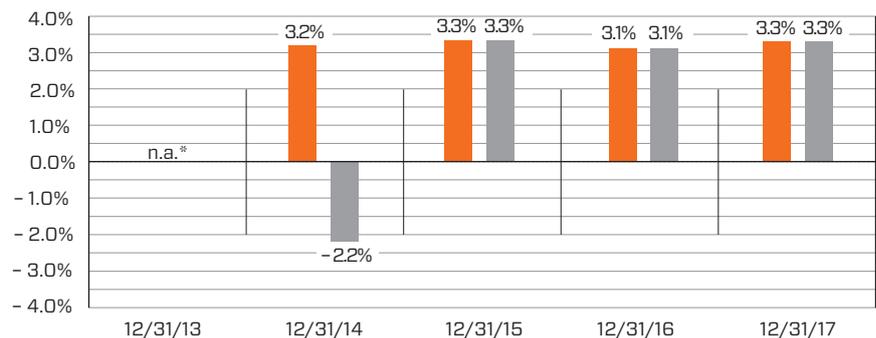
The ongoing costs disclosed here were incurred in the fund's last fiscal year ending on December 31, 2017. The figure may vary from year to year. The annual report for the fiscal year concerned gives precise details of the costs that were charged. The ongoing cost figures disclosed here are estimates. They do not include the fees incurred for buying and selling properties, or the management and maintenance costs for real estate companies.

Past performance p.a.

Past performance is not a guarantee of future performance.

LEADING CITIES INVEST was launched on July 15, 2013. The first capital was received from investors on November 20, 2013.

Past performance has been calculated in euros.



■ **Gross performance:**
Calculated in accordance with the BVI method. Basis of calculation: unit value; distribution re-invested. Costs incurred at the investor level such as front-end charges, transaction costs, securities account or other custody costs, commission, fees, and other kinds of remuneration are not included.

■ **Net performance for an investment on December 31, 2013:** In addition to the costs incurred within the fund, a front-end charge of 5.5% - payable on purchase and deducted during the first year - is assumed. No other charges are typically incurred. Custody account costs are not included, but reduce investment performance.

* No information provided since the fund was only launched on July 15, 2013, and the first capital was received from investors on November 20, 2013.

Practical information

- The fund's depository is M.M.Warburg & CO (AG & Co.) KGaA, Hamburg, Germany.
- The sales prospectus, current unit prices, and additional information about the fund is available free of charge in German on the website at www.LCI-Fonds.de. The legal documents can also be obtained from the representative for qualified investors in Switzerland.
- Information on the company's current remuneration policy has been published online at www.kanam-grund.de. This includes a description of the methods used to calculate remuneration and benefits granted to certain employee groups and information on the persons responsible for allocating them. The company will provide you with hard copies of the information free of charge on request.
- The fund is governed by the »Investmentsteuergesetz« (InvStG - German Investment Tax Act). This may affect the way you are taxed on the income you receive from the fund.
- This fund is authorized in Germany and is regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin - the German Financial Supervisory Authority).
- KanAm Grund Kapitalverwaltungsgesellschaft mbH may only be held liable on the basis of any statement in this document that is misleading, incorrect, or inconsistent with the relevant parts of the prospectus.
- KanAm Grund Kapitalverwaltungsgesellschaft mbH is authorized as an investment company (KVG) by BaFin.
- This key investor information is accurate as of December 31, 2017.