

As of December 31, 2018

# 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.   |
| 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 distributions            | EUR 1.62 on May 3, 2018;<br>EUR 1.88 on December 19, 2017<br>(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 at KanAm Grund Kapitalverwaltungsgesellschaft mbH, the Depository, and other credit institutions  |
| Minimum holding period/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>1)</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 0.8% 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>2)</sup>           | 0.99% as of December 31, 2017  |

<sup>1)</sup> For a detailed list of costs and fees, see page 44 ff. of the Sales Prospectus, »Management and Other Costs« (only available in German).

<sup>2)</sup> The running costs given here were incurred in the fund's last fiscal year, which ended on December 31, 2017. They can vary from year to year.

**Brokerage fees:** The management company or the customer's custodian bank pays the broker a commission of up to 100% of the front-end charge levied by the management company (broker's commission) plus regular commission on the units held (trail commission). The broker must inform the customer of the exact amount of this commission in accordance with section 70 of the »Wertpapierhandelsgesetz« (WpHG – German Securities Trading Act).

As of December 31, 2018

| Fund prices                                  |                          |
|--|--------------------------|
| Unit value <sup>3)</sup>                     | EUR 105.30               |
| Issuing price <sup>3)</sup>                  | EUR 111.09               |
| Breakdown of fund assets                     |                          |
| Fund assets                                  | EUR 310.0 million        |
| Real estate assets                           | EUR 280.1 million        |
| - of which held directly                     | EUR 251.0 million        |
| - of which held via real estate companies    | EUR 29.1 million         |
| Bank deposits                                | EUR 88.1 million         |
| - of which overnight and fixed term deposits | EUR 1.3 million (1.5%)   |
| - of which current account balance           | EUR 86.8 million (98.5%) |
| Liabilities and provisions                   | EUR 78.1 million         |
| Real estate investment ratio <sup>4)</sup>   | 70.0%                    |
| Liquidity ratio (gross) <sup>5) 6)</sup>     | 28.4%                    |
| Debt ratio <sup>7)</sup>                     | 24.2%                    |
| Foreign currency portion <sup>8)</sup>       | -                        |
| Real estate portfolio structure              |                          |
| Fund properties                              | 19                       |
| - of which held directly                     | 18                       |
| - of which held via real estate companies    | 1                        |
| Locations                                    | 4 countries (12 cities)  |
| Leased rate <sup>9)</sup>                    | 99.5%                    |

## Investment performance\*

| 12-month period         | Performance (gross p.a.) ** | Performance (net p.a.) *** |
|-------------------------|-----------------------------|----------------------------|
| as of December 31, 2018 | 3.0%                        | 3.0%                       |
| as of December 31, 2017 | 3.3%                        | 3.3%                       |
| as of December 31, 2016 | 3.1%                        | 3.1%                       |
| as of December 31, 2015 | 3.3%                        | 3.3%                       |
| as of December 31, 2014 | 3.2%                        | - 2.2%                     |

\* 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 December 31, 2013: 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 since launch  | 0.96% |
| Solvency (average risk weight in accordance with the CRSA) <sup>9)</sup> | 80%   |

Risk and reward profile (SRR) <sup>10)</sup>

|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

<sup>10)</sup> The Synthetic Risk and Reward Indicator (SRR) is calculated on the basis of the Fund's past performance. Any missing periods before the Fund was launched are replaced by the averages for the periods concerned published in the BVI performance statistics for »open-ended real estate funds.« This average is the un-weighted arithmetic mean. The Fund's volatility over a five-year period falls within risk class 2. Allocation to this risk class is not guaranteed and may change going forward. The Fund was assigned to this risk class because the volatility of its yields is low.

## The fund properties at a glance

| Property   | Location                                 | Transfer of ownership     |
|--|--|---------------------------|
| Kugelhaus  | Dresden                                  | expected 1st half of 2019 |
| Hexon portfolio                                      | Bochum                                   | expected Q1 2019          |
| Hexon portfolio                                      | Buchholz, Kiel, Lübeck, Chemnitz, erfurt | 12/2018                   |
| Greenside  | Edinburgh                                | 07/2018                   |
| 3, Copthall Avenue                                   | London                                   | 06/2018                   |
| Nerviens 85  | Brussels                                 | 07/2017                   |
| Campus E   | Munich                                   | 06/2017                   |
| Le Copernic  | Paris/Meudon                             | 04/2017                   |
| ACCOR HQ   | Munich Riem                              | 11/2016                   |
| Oeder Weg  | Frankfurt am Main                        | 01/2016                   |
| Colonnaden 3   | Hamburg                                  | 07/2015                   |
| ADAGIO ACCESS  | Brussels                                 | 12/2014                   |
| Rue de Charonne<br>(Five separate retail properties) | Paris                                    | 11/2014                   |

<sup>3)</sup> As of December 19, 2017, and May 3, 2018, the fund prices were reduced by the amount of distributions (EUR 1.88 and EUR 1.62).

<sup>4)</sup> The ratio of real estate and real estate companies to total assets.

<sup>5)</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 property, among other things.

<sup>6)</sup> Share of fund assets.

<sup>7)</sup> Share of total real estate assets.

<sup>8)</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>9)</sup> Credit risk standardized approach (CRSA) in accordance with the EU Capital Requirements Directive (CRD IV) and Capital Requirements Regulation (CRR).

Detailed information on the fund's high-yield properties is available on the website at [www.LCI-Fonds.de](http://www.LCI-Fonds.de) (only available in German).

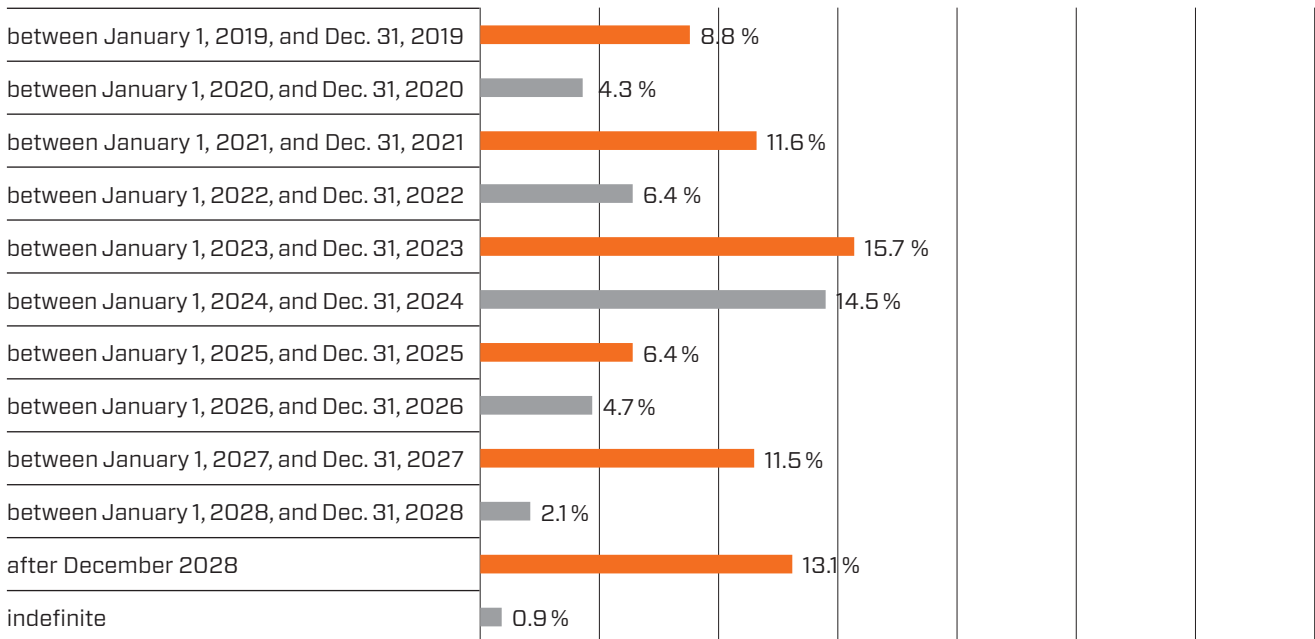
Scan the following QR code to access it directly:



As of December 31, 2018

Expiring Leases / based on the annual rental income

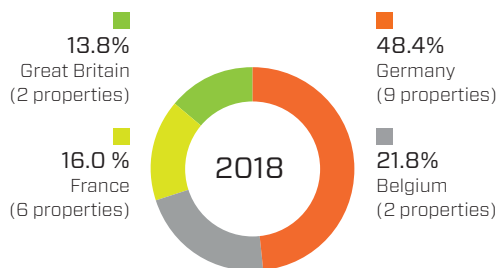
as of: December 31, 2018



Geographical distribution of properties /

by market value

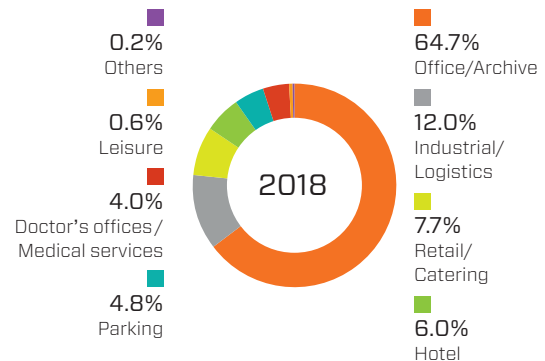
as of: December 31, 2018



Types of use of properties /

based on the annual rental income

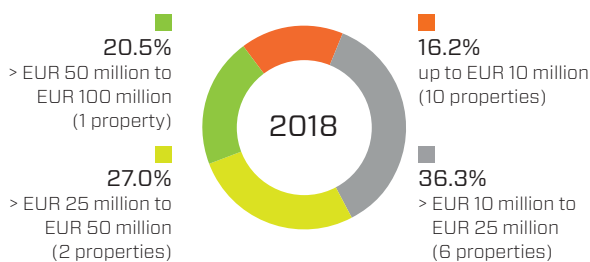
as of: December 31, 2018



Investment volumes for properties /

by market value

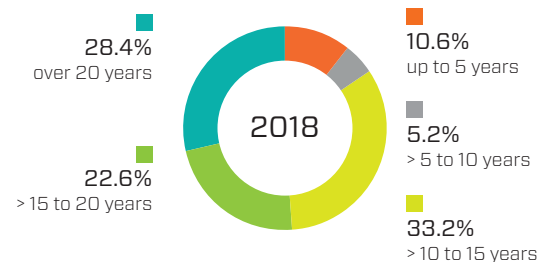
as of: December 31, 2018



Economic age structure <sup>1)</sup> /

of properties by market value

as of: December 31, 2018



<sup>1)</sup> The age of a property is determined based on the remaining useful life stated in the expert appraisal.

As of December 30, 2018

## Fund management report

LEADING CITIES INVEST is already invested in 12 locations in Germany, Belgium, France, and the United Kingdom, and has a total of 19 properties in its portfolio. The well diversified property portfolio covers the office, industrial/logistics, retail/catering, hotel, doctor's offices/medical services, and leisure types of use. In addition, the fund acquired the »Kugelhaus« in Dresden in May 2018 (the risks and rewards of ownership are expected to be transferred in the first half of 2019) and the Hexon portfolio of six German logistic properties in November 2018. Five of the latter properties were added to the fund's portfolio in December 2018, while the risks and rewards of ownership for the sixth are expected to be transferred by the end of Q1 2019. For up-to-date information on LEADING CITIES INVEST, please refer to our website: [www.LCI-Fonds.de](http://www.LCI-Fonds.de) and particularly to the current semi-annual and annual reports.

## Anlegerprofil

### + The fund ist 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 of their units.

### Note:

This Fact-Sheet is not a substitute for investment advice based on the customer's individual situation and wishes. The current Annual/Semi-annual Report, the Sales Prospectus containing the Fund Rules, and the Key Investor Document (all in German) are the sole binding documents governing the acquisition of fund units. These are available free of charge from KanAm Grund Kapitalverwaltungsgesellschaft mbH, the depositary and the fund's sales partners.

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.

## 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.

### Note:

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

### - 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.

This Fact-Sheet complies to a very large extent with the current requirements of the WpHG, the relevant regulations and circulars from 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, the sales partner 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.