



KKR and Velero team up to create an integrated residential real estate platform in Germany, starting with a portfolio of 7,500 residential units

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- KKR to acquire a majority stake in Velero Immobilien AG
- Velero manages a portfolio with clear and identified upside potential
- Binding purchase agreement for 7,500 residential units to transform Velero into a fully integrated housing company
- Platform to grow further based on attractive real estate market fundamentals in Germany

Frankfurt, Berlin, Germany, 8 December 2020 – KKR, a leading global investment firm, today announced the acquisition of a majority stake in Velero Immobilien AG (“Velero”), from its founders who will remain co-investors. Velero is a residential asset manager, that is focused on residential units at affordable rents. Part of the transaction is the acquisition of a portfolio with around 7,500 residential units currently managed by Velero.

Sascha Giest and Thomas Lange, Co-Founders and Co-CEOs of Velero, said: “We are very excited to have KKR’s support as we enter into the next stage of our evolution. With our market experience and comprehensive knowledge of the portfolio to be acquired, we will deliver best-in-class service to our tenants. Furthermore, together with KKR, we will continue our growth trajectory.”

Jan Baumgart, Head of Real Estate Germany at KKR, said: “We are delighted to set the foundation for the creation of a high-quality, diversified housing company that will benefit from the dynamics in the German real estate sector. We now look forward to expanding the platform together and further improving the quality of living for tenants and the environmental footprint of the portfolio.”

From pure asset manager to a fully integrated residential real estate platform

Velero was established in 2015 by Sascha Giest and Thomas Lange, as an asset manager for institutional investments in residential real estate. Since inception, the company has focused on assembling the portfolio, investments in existing properties and value enhancement through active asset management. Today, Velero stands for attractive and modern residential units at affordable rents and close relationship with the tenants. In this context, the focus is on tenant satisfaction and best-in-class asset quality.

Going forward, with the support of KKR, Velero will transform from a pure asset manager to an independent, fully integrated housing company by acquiring the residential portfolio the company currently manages for an institutional investor. Velero and KKR have signed binding agreements on portfolio acquisitions over a total of around 7,500 units.

Velero portfolio to profit from further upside potential

The properties of Velero are predominantly located in mid-sized cities in the Rhine-Ruhr area like Duisburg, Essen and Hagen with excellent access to the infrastructure network as well as in swarm cities Magdeburg, Dresden and Halle/Leipzig and their catchment areas. These markets are expected to show solid growth in the future as they will benefit from sociological, political and economic factors.

KKR will support Velero in executing its strategy with know-how and financial support. In addition to growing the portfolio through further acquisitions, Velero and KKR plan to continue to invest in the asset quality, out-side areas and playgrounds as well as into sustainable ecological improvements. The overall goal is to reduce vacancy, all while ensuring tenant satisfaction and affordable rents.

Christian Ollig, Partner and Head of KKR in Germany, said: “The acquisition is yet another proof for the importance of Germany in KKR’s investment strategy. It also marks a significant step in further expanding our local presence. With Velero we create a dedicated platform for further investments in the German residential rental housing market.”

The transaction is expected to close by year-end 2020. KKR will make this investment from its Real Estate Partners Europe II fund. Financial details of the transaction were not disclosed.

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About Velero

Founded in 2015 under the name Velero Wohnen GmbH and headquartered in Berlin, Germany, Velero together with Velero' Affiliates has developed into an established and growing full service provider for residential real estate covering the entire property life cycle for third parties, focusing on attractive German B-locations. Services offered include:

1. Sourcing and acquisitions of real estate assets
2. Active asset, property and facility management with a strong focus on repositioning previously under-managed properties
3. Targeted modernisation measures that have the potential for substantial energy savings, improve ten-ant's living quality and generate an attractive yield on cost
4. Selective disposals of stabilised properties and reinvestment into higher yielding assets

Velero is planning its transformation from a service provider for third parties to a fully integrated German resi-dential property company. Velero's strategy is focused on an active and hands-on management approach aimed at superior value creation. Velero's business is ideally positioned to benefit from accelerated growth thanks to the value upside potential of its assets in catch-up cities and the high quality of the portfolio in general.

About KKR

KKR is a leading global investment firm that manages multiple alternative asset classes, including private equity, credit and real assets, with strategic partners that manage hedge funds. KKR aims to generate attractive invest-ment returns for its fund investors by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation with KKR portfolio companies. KKR invests its own capital alongside the capital it manages for fund investors and provides financing solutions and investment opportuni-ties through its capital markets business. References to KKR's investments may include the activities of its spon-sored funds. For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR's website at www.kkr.com and on Twitter @KKR_Co.

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