

## PRESS RELEASE

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### **Sontowski & Partner sell two development projects to KINGSTONE for sustainable residential fund**

**Munich / Erlangen, 14 December 2020** – KINGSTONE Investment Management (KINGSTONE IM) has acquired two properties in new urban district developments in two German cities from S&P Commercial Development, a subsidiary of Sontowski & Partner Group (Sontowski & Partner). The property complexes, in Gauting on the outskirts of Munich and in the city of Coburg in northern Bavaria will combine residential with commercial usage, especially food retailers. For both projects' completion is expected in the course of 2021. The purchase price of both properties is in the high double-digit millions of euros. KINGSTONE secured the two projects under a forward deal structure for its KINGSTONE Wachstumsregionen Süddeutschland II fund ("KWS II"), a sustainable real estate AIF for institutional investors (*Spezialfonds*) which, as the fund's name suggests, invests in growth regions throughout southern Germany, particularly in modern urban developments.

The larger of the two purchased properties is located in the town centre of Gauting, a desirable suburb of Munich just a few minutes' drive from the Bavarian capital. The property, centrally located in Bahnhofstrasse, comprises a total rentable space of some 6,600 sq.m. It includes not only residential usage but also local convenience shopping and space for medical practices. Long-term leases for most of the commercial space have already been signed with EDEKA, one of Germany's largest supermarket chains, and with dm, one of its largest health and beauty retailers. Letting of the complex's 52 rental apartments will commence in the spring of 2021. The developer is seeking certification of the property from the German Sustainable Building Council (DGNB). The mixed-use complex is located directly adjacent to the Gauting S-Bahn (commuter rail) station and will, with its convenient central location, play an important role in the local community.

In the case of the other project, being constructed in the exciting new Sonntagsanger district in the northern Bavarian city of Coburg, Sontowski & Partner is bringing together residential, food retail and hotel usage in a mixed-use complex with a total rentable space of 11,000 sq.m. The commercial space has already been fully leased out to ebl-Naturkost, a regional chain of organic supermarkets, and to Success Hotel Group, which will operate an ibis Styles hotel on the property. Letting of the 32 apartments will begin in the spring of 2021. Sontowski & Partner is also integrating two older villas with protected landmark status into

the newly developed district. All new buildings will feature extensive greenery on their roofs, which should make a positive contribution to the urban microclimate.

The transactions mark the first two acquisitions for the KWS II sustainable residential real estate fund with a target size of EUR 350 to 400 million. KINGSTONE IM launched the KWS II recently especially for institutional investors. As part of its investment selection process for this core property fund, KINGSTONE IM is, for the first time, applying the sustainability criteria of a respected sustainability bank and is working together with specialised sustainability consultants. “These two projects in Gauting and Coburg, with their well thought-out usage concepts and other important details, meet the sustainability criteria of our KWS II fund,” says **Dr. Tim Schomberg, Managing Partner at KINGSTONE IM**. “Both of these new properties are designed around the principle of short commuting distances and local convenience shopping. Thus they make a contribution to conserving our natural resources. The high proportion of residential units and local convenience retailers also supports our objective of ensuring attractive and resilient investment returns. Through these transactions, we are securing investment properties for our clients in economically strong locations which offer sustainable long-term cash flows.”

For Sontowski und Partner, the successful conclusion of these forward deals is further testimony to the high market attractiveness of such mixed-use development projects in German cities. “Investors are increasingly recognising the opportunities of mixed use,” explains **Sven Sontowski, Managing Partner at S&P Commercial Development**. “There is great interest in these new-generation urban developments not only in the top-tier German cities but also in smaller cities and towns. By combining residential with other usages, we create a naturally diversified investment with an attractive return profile for investors. And the local communities also benefit from the sound planning concepts which balance local needs. Our positive experiences to date are further encouraging us to continue our focus on mixed-use real estate.”

DLA Piper served as legal advisor on the transaction to KINGSTONE IM. GSK Stockmann advised Sontowski & Partner on legal issues.

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#### **KINGSTONE Investment Management**

KINGSTONE Investment Management (KINGSTONE IM), founded by the Schomberg family, is an owner-managed real estate investment management boutique offering a broad range of investment products and a holistic investment approach for institutional German and international capital.

KINGSTONE IM unites a first-class real estate pipeline with the exceptional national and international capital and partner network of our senior management. We link the proven track record of our strategic co-shareholder PEGASUS Capital Partners as project developer and mezzanine specialist to multiple decades of experience in the international, institutional fund business of the Schomberg family and deliver this combination as a service to our clients.

More information available at: [www.kingstone-im.com](http://www.kingstone-im.com)

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