

Tour First, Paris € 515m

Refinancing in a consortium
September 2014

France's Tallest Office Building

Located in the Paris business district of La Defense, Tour First is a 231-metre high trophy skyscraper totaling 80,251 sq m of office space. The 50-storey tower is the tallest office building in France and the second tallest structure in Paris after the Eiffel Tower.

An interest in the property was purchased in 2007 by a fund managed by Beacon Capital Partners and the property was comprehensively refurbished until 2011, with pbb providing financing to Beacon for both the acquisition and the refurbishment. Tour First is currently 83% let to two blue chip tenants (E&Y and Euler Hermes) on fully insured and repairing leases.

The refinancing of an iconic office tower

The financing for Tour First was particularly challenging for two reasons. Firstly, the total amount to refinance was relatively significant for a single asset (€600 million). Secondly, the leverage requested was high (>75%) with no intended additional equity for the project.

To be able to refinance this prime asset Beacon chose a structure of two loans – one senior mortgaged loan and one mezzanine loan with a volume of €85 million – and involved two banking partners – pbb and Aareal Bank AG – at an early stage.

The arranged facility included the underwriting of the senior mortgaged facility to an amount of € 515 million which was equally split between the two banks. At the same time, Blackstone provided a mezzanine loan in order to be able to close the transaction.

Following the closing of the deal, pbb and Aareal successfully syndicated parts of the overall loan. The Senior European Loan Fund 1, managed by AEW Europe and M&G Investments, and another banking partner joined to the loan facility as further syndicated lenders.

This transaction is a perfect example of pbb's real estate financing expertise. It shows:

- The bank's capacity to underwrite significant amounts.
- pbb's ability to structure tailor-made financing to meet clients' expectations and the bank's internal requirements in terms of leverage, exposure and returns.
- pbb's understanding of the European lending real estate market to (i) successfully syndicate the amount required by its credit committee, and (ii) assist the client in closing a mezzanine loan.
- pbb's ability to meet the client's demand by proposing a refinancing without any equity injection despite a high leverage.

pbb Deutsche Pfandbriefbank's role

pbb Deutsche Pfandbriefbank is one of the leading specialist banks for real estate finance in Europe. The bank's regional focus is on Germany and other European markets including France, the United Kingdom, the Nordic countries and selected countries in Central and Eastern Europe.

The bank plays an important role in supplying credit to the real estate sector; pbb focuses on medium-sized to large-scale financings in less volatile asset classes, including offices, retail properties, apartments and logistics properties.

The bank combines its local know-how covering the entire process in the relevant markets, to form a European network which it uses to the benefit of its clients. pbb provides local expertise throughout the entire process, from origination to credit risk management benefitting our customers with this local expertise.

The bank's international lending business makes up approximately 50% of its total loan portfolio and France currently represents some 10% of this portfolio. In the first nine months of 2014, new business in France amounted to €1.2 billion. pbb's Paris office boasts a team of 30 dedicated real estate finance professionals

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