

## Financing for portfolio acquisition € 280 million

Successful cooperation with Investitionsbank Berlin  
March 2015

### Financing for portfolio acquisition

In close cooperation with Investitionsbank Berlin (IBB), in March 2015 pbb Deutsche Pfandbriefbank provided loans with a total volume of €280 million to various property companies of ADO Group Ltd. The funds provided were used for the acquisition of a residential property portfolio in Berlin. Acting as Mandated Lead Arranger, pbb contributed a total of €155 million to the borrowed amount; IBB contributed €125 million and was mandated as Co-Arranger.

### Residential and commercial units in Berlin

ADO Group Ltd. acquired the residential real estate portfolio in December 2014, through different property companies, from GSW Immobilien AG. The portfolio comprises 5,749 residential units in the Berlin districts of Spandau (57%) and Reinickendorf (43%), as well as 68 commercial units. The residential properties were constructed between 1965 and 1997. The German capital is currently attracting new residents from throughout Germany and the entire world. At present, the districts of Reinickendorf and Spandau are the two fastest growing urban quarters in Berlin. The portfolio's occupancy rate is in excess of 96%.

### Success through cooperation

Collaboration between pbb and IBB turned out to be crucial for the successful financing of this Berlin portfolio acquisition, carried out by various special property companies of ADO Group Ltd.

IBB is the business development and promotional bank owned by the City State of Berlin, focusing on promoting economic activity and real estate development. Through its business development and support policy, it is actively helping Berlin to become established as a centre for business and industry.

IBB possesses comprehensive expertise in real estate financing, and is thus an ideal partner for pbb's real estate finance activities in Berlin.

The two banks have joined forces for the development of a commonly used model aimed at large-scale real estate transactions. This approach enables the partners to offer attractive financing terms on the competitive Berlin real estate market – on a reliable basis, and at short notice.

For such transactions, both partners bring their extensive client networks and other institution-specific advantages to the table. One of the main reasons why cooperation between the two banks is both solid and seamless (which also brings along major benefits for clients), is that both employ commonly used standard processes covering different documents and procedures, such as the drafting of contractual details or expert opinions. Bank employees rely on these standard procedures to respond quickly to enquiries.

### High demand on the Berlin residential real estate market

Joint provision of funding for the acquisition of the residential real estate portfolio seemed to be a reasonable decision, given the increasing demand from owner-occupiers and investors on the Berlin residential property market. Compared to other major German cities, the residential real estate market of Berlin is less tight. However, the Berlin market is clearly catching up with other cities, against a background of unbroken economic and demographic dynamism. Domestic and international investors are trying to profit from this overall positive environment, and are ready for long-term commitments to generate growth.

### Solid foundation for cooperative enhancements

In the past, pbb and IBB have joined transaction forces on multiple occasions to promote the development of the Berlin residential real estate market. The common goal was always to

support the housing enterprises owned by the City State of Berlin. Going forward, pbb is ready to continue providing further financings to the Berlin real estate market – in close cooperation with IBB.

#### German market activities

pbb Deutsche Pfandbriefbank is a leading specialist bank for real estate finance and public investment finance. pbb's activities are focused on European core markets eligible for inclusion in Pfandbrief cover, with Germany being of vital importance. pbb generates around half of its of new business in Germany. Within Real Estate Finance, the Bank's German lending business represents about 50 per cent of the total portfolio of €25.3 billion (EaD, Basel III).

During the first nine months of 2015, pbb originated new business with an aggregate volume of €7.9 billion in Real Estate Finance, 45% of which was within Germany.

pbb's German offices are in Berlin, Dusseldorf, Frankfurt, Hamburg and Munich. Through these locations, pbb has a strong local presence and expertise covering the entire real estate financing process chain – including origination, real estate experts, property law specialists and financing experts, as well as the management of loan exposures. The Bank's clients benefit from this expertise.

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