

PRESS RELEASE

FAP converts debt fund into article-9 vehicle

- **Reclassification according to SFDR on 1 June 2023**
- **In-house scoring model for sustainable investments**
- **Next step following conversion into Evergreen**

Berlin, 15 June 2023 – FAP Group, a leading independent advisory company specialised in raising and structuring capital for real estate investments and project developments, has converted the FAP Balanced Real Estate Financing I (“BREF I”) from an article-6 into an article-9 fund. Investments thus need to take urgent action to combat climate change and its impacts and make cities and human settlements inclusive, safe, resilient and sustainable.

The FAP fund is thus one of the first article-9 debt vehicles in Germany. It not only provides finance for new construction projects but also existing buildings. Raphael Wowra, MRICS and Senior Investment Manager at FAP Invest, says: “With our financing solutions, we are accompanying existing buildings in their transition to sustainable assets. Against the backdrop of providing increasingly more financing for existing buildings, the requirements for a classification under article 9 are far more demanding as for funds only investing in project developments and new built. But we believe that the use and recycling of existing resources and avoiding further land consumption through investments into existing assets will make a significant contribution to the sustainability goals of our fund as well as to those of the property industry overall.”

Some 65 percent of BREF I’s current portfolio are already fully compliant with article-9 requirements. All financing granted since the start of the year has been handed out according to FAP’s new green loan criteria. These have been set up in an in-house scoring model in cooperation with a renowned advisory firm, following EU taxonomy criteria as well as those of the Carbon Risk Real Estate Monitor (CRREM) as well as pertinent market standards. Compliance with the criteria for the classification as a sustainable investment in line with Sustainable Finance Disclosure Regulation (SFDR, art. 2, para. 17) occurs via the AIFM, the auditor as well as independent experts on asset level. The reclassification took effect on 1 June.

Hanno Kowalski, Managing Partner of FAP Group, adds: “Following the conversion of BREF I from a closed-end into an open-end fund with unlimited duration, we are now taking the next step in advancing our flagship fund. Our investors embraced the idea to create an article-9 product and want to allocate further capital to the fund. The full capital commitment are thus set rise to around EUR 400 million by next year.”

FAP BREF I is structured defensively in terms of its assets, geographies, markets, leverage and LTV as well as its sponsors. It is thus the only core-mezzanine product for real estate financing in the German-speaking region.

About FAP

The FAP Group is an independent advisory company that specialises in raising and structuring capital for real estate investments and project developments. The Group comprises FAP Invest, a leading real estate investment platform for institutional investors with a focus on debt products, FAP Finance, which provides advice on all capital and financing issues to borrowers, and FAP Syndication & Capital Markets, an independent syndication desk which brings single lenders and groups of lenders together and offers access to raising debt capital on the capital market. FAP structures conventional debt finance as well as mezzanine, equity and capital market products. These services secure the overall financing from debt capital and – if necessary – equity substitutes. FAP, headquartered in Berlin, was founded in 2005 by Curth-C. Flatow. The group has since advised and structured capital with a volume of over €17 billion.

FAP Group contact

Head Office Berlin
Lietzenburger Straße 51
10789 Berlin
Telephone: +49 30 84415949-0
E-mail: contact@FAP-group.com
<https://fap-group.com>

Press contact

Marie-Noëlle Sbresny
Director
Feldhoff & Cie. GmbH
Telephone: +49 69 2648677-236
Mobile: +49 159 01220398
E-mail: ms@feldhoff-cie.de

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