AUREUM

CASE STUDY · REAL ESTATE FINANCING

From the First Investment to the Second, in Just Six Months

How a well-thought-out financing strategy turns a satisfied client into a returning one

The Starting Point

A client came to us with a specific goal: he wanted to invest in real estate to strategically build wealth while deliberately making use of tax advantages. As an executive at a high-tech semiconductor company, married with two children, he brought a solid, well-plannable income situation, a strong foundation for a long-term investment strategy.

CLIENT AT A GLANCE

Profession	**Executive, semiconductor industry**
Family status	**Married, two children**
Goal	**Building a property portfolio while considering individual tax parameters**
Timeframe	**Two investments within 6 months**

Initially, two very different property types were under consideration: an apartment building and a listed heritage property with special tax parameters. After thorough consultation and weighing the respective tax mechanisms, our client chose the heritage property. The enhanced depreciation allowance on heritage-protected renovation costs was the deciding factor. Alongside the tax parameters, financeability, ongoing costs, and the long-term portfolio strategy were also taken into account, so the tax advantages were an important, but not the sole, deciding factor.

Investment No. 1: Finding the Right Structure

To finance the first heritage property, we developed a combination of two building blocks:

1. A **KfW subsidized loan with grant**, to make optimal use of the favorable subsidy terms and the non-repayable grant portion.
2. A **supplementary bank loan**, tailored to our client's individual income and tax situation.

With this structure, we were able to finance **100% of the purchase price** through debt. The incidental purchase costs were covered from our client's own equity. The process ran smoothly, communication with everyone involved was clear, and our client's satisfaction was correspondingly high.

We also stayed engaged afterward: for the first property, we were later able to include the kitchen as part of the rented unit in the financing as well.

Investment No. 2: Success Creates an Appetite for More

Our client was so satisfied with the collaboration that just a few months later he took the next step: a second listed heritage property with special tax parameters, this time in a different location.

Jointly Optimized: the Interest-Repayment Strategy

Here too, we again relied on a combination of a KfW subsidized loan, this time with a 25% principal grant, and a supplementary bank loan. For the latter, we made a deliberate decision together with our client: to accept a somewhat higher interest rate in favor of a low repayment rate of just 1%. This keeps the monthly burden low while allowing the tax advantage from the heritage depreciation to unfold optimally. The lower initial repayment rate reduced the ongoing burden but deliberately resulted in a higher remaining debt at the end of the fixed-interest period, a trade-off that was part of our client's individual investment strategy.

> *„Not the lowest repayment rate at any cost, but the structure that best fits the client's individual tax and investment strategy."*

For the second investment as well, we were again able to finance 100% of the purchase price through debt, while the incidental purchase costs were again covered from equity. After submitting the complete, pre-checked documents, a binding credit decision was in hand within 48 hours.

The Outcome

- ✓ **Two** listed heritage properties with special tax parameters in different locations within just **six months**
- ✓ Purchase price for both investments **financed 100% through debt**; incidental purchase costs covered from equity
- ✓ Subsequent kitchen financing secured for the first property
- ✓ For the second investment, a targeted interest-repayment optimization to support the coordinated investment and tax strategy
- ✓ Binding credit decision within 48 hours of submitting the complete documents

Our Conclusion

This case shows how important it is to find the financing structure that is individually right for each situation, rather than simply repeating one model. For the first investment, the focus was on full debt financing; for the second, on the targeted optimization of interest and repayment to support the coordinated investment and tax strategy. And our support does not end once the purchase is complete: with the subsequent kitchen financing, we were able to include the kitchen as part of the rented property within the overall financing. It is precisely this kind of individual, ongoing advice, paired with fast and reliable execution, that turns satisfied clients into returning ones.

> ### Which combination of equity, repayment rate, and subsidies fits your project?
> That depends on your personal creditworthiness and the economics of the project. We review both together with you. Contact us for a personal assessment.

The subsidy options shown were valid at the time of application. Availability, subsidy amount, and requirements must be reviewed anew for each project. The tax treatment was assessed based on our client's individual situation and is not transferable to other cases. The timing of the two investments resulted from our client's individual income, asset, and creditworthiness situation and should not be understood as a general recommendation. To protect our client's privacy, names and other identifying details have also been changed or generalized. Figures may be rounded or presented as ranges.

YOUR CONTACT

Markus Hoppe

Markus Hoppe · Managing Director, AUREUM Financial Service GmbH
Fetscherstraße 24, 01307 Dresden · fs@aureum.de