

18 October 2019

## Corporate bond under new law: Luther advises Euroboden

**Frankfurt am Main - On 18 September 2019, the project and property developer Euroboden fully placed a corporate bond for EUR 40 million in the over-the-counter market of the Frankfurt Stock Exchange. Luther advised the company on the structuring of the bond terms, the preparation of the securities prospectus in accordance with the new prospectus law and, as transaction lawyer, on the public offering of the corporate bond.**

Euroboden GmbH, a successful real estate developer in German metropolises since 1999, has issued a five-year corporate bond with a coupon of 5.5% p.a. (half-yearly interest payment) and a volume of EUR 40 million. Due to significant oversubscription and the very high level of investor interest, the subscription period was closed prematurely after just three days. In future, the bond will be traded on the Open Market of Deutsche Börse AG in the Quotation Board for Bonds segment. Euroboden intends to use the proceeds to finance existing and further projects, among other things.

A special feature of the corporate bond issued by Euroboden is that bondholders receive an interest coupon 0.5 percentage points higher if the company violates voluntary transparency criteria. These regulations were structured by Luther for the first time for the predecessor bond Euroboden and were unique in the German SME bond market at the time. The great success of the predecessor bond and this transaction proves the company right.

The securities prospectus prepared by Luther in accordance with the new prospectus law was submitted for examination and approval in consultation with the supervisory authority before the new law came into force and is one of the first approved securities prospectuses in accordance with the new prospectus law.

Above all for real estate companies this way could make school, since the establishment of the new, stricter market segment Scale of the German stock exchange AG brought above all the real estate sector into distress. The real estate companies are mostly indebted and therefore often do not fulfil the stricter admission criteria that Scale sets for bond issuers. If they then place their bonds on the over-the-counter market, they must use other means to convince investors that they too will meet the transparency criteria that are customary for Scale. This model is also more attractive for investors, since unlike Scale, they receive a higher coupon in the event of a breach in this case.

### **For Euroboden GmbH:**

Luther, Banking and Capital Market Law: Ingo Wegerich (Partner, lead), Elena Recklin (both Frankfurt am Main)

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### **Brief Profile Luther**

Luther is a leading German commercial law firm that offers comprehensive legal and tax services. The full-service law firm employs more than 420 lawyers and tax advisors and is represented at 10 German economic centres and at important investment locations and financial centres in Europe and Asia with international offices in Brussels, London, Luxembourg, Shanghai, Singapore and Yangon. Our clients are medium-sized enterprises and large corporations, as well as the public sector.

Luther works closely with other commercial law firms in all the prevailing jurisdictions worldwide. On the Continent, Luther is part of a group of independent leading law firms who have worked together for many years on joint cross-border projects.

Luther Rechtsanwaltsgesellschaft mbH is a law firm with a business approach: our innovative awareness aspires us to provide our clients with customised legal advice that addresses individual needs and delivers the greatest possible economic benefit.

Our lawyers and tax advisors have a solid understanding of interdisciplinary matters and a wealth of experience in collaborating on complex tasks. Further information is available at: [www.luther-lawfirm.com](http://www.luther-lawfirm.com)

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