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Track record in real estate bonds: Luther advises Euroboden again

Frankfurt am Main – Luther Rechtsanwaltsgesellschaft has once again acted as legal advisor in connection with a corporate bond issue in the real estate sector. This is the third time that Luther has advised the project and property developer Euroboden on the structuring of the terms and conditions of the bond issue and the preparation of the securities prospectus, as well as acting as a transaction lawyer.

The German limited liability company Euroboden GmbH, who has been successful as a property developer in large German cities since 1999, closed the order book for the new bond 2020/2025 (ISIN: DE000A289EM6), with a volume of up to EUR 75 million and a coupon of 5.5% p.a. (semi-annual interest payments), on 13 November, as scheduled. Upon completion of the subscription period on the stock exchange, more than EUR 25 million were placed, despite these challenging times in the capital market.

The bond will in future be traded on the Open Market of Deutsche Börse AG in the Quotation Board segment for bonds. Euroboden will use the proceeds to expand its project pipeline, repay the bond 2017/2022 and repay loans as part of its working capital management, amongst other things.

As a special feature of the corporate bond issued by Euroboden, bondholders will receive a coupon that is 0.5 percentage points higher if the company violates voluntary transparency criteria. These rules were first designed by Luther for Euroboden's predecessor bond (2017/2022) and were unique in the German SME bond market at the time.

This model can be interesting, especially for real estate companies, as the introduction of the new, stricter Scale market segment of Deutsche Börse AG for SMEs has afflicted above all the real estate sector. Due to their business model, real estate companies are often

indebted and, therefore, frequently do not meet the stricter requirements for admission of bond issuers to the Scale segment. If they then place their bonds on the Open Market, they need to use other means to convince investors that they will also meet the transparency criteria that apply in the Scale segment. In addition, this model is more attractive for investors because, unlike as with Scale, they receive a higher coupon in the event of a violation.

On behalf of Euroboden GmbH:

Luther, Capital Markets & Banking: Ingo Wegerich (Partner, Lead),
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