

27 October 2017

## Corporate bond with new transparency: Luther advises project developer Euroboden in successfully placing a EUR 25 million bond

**Frankfurt am Main – Project developer and property developer Euroboden fully placed a corporate bond for EUR 25 million on the Frankfurt Stock Exchange's open market on October 23, 2017. Law firm Luther advised the company on structuring the terms and conditions of the bond issue and, as a transaction lawyer, on the exchange and public offering of the corporate bond. What is new in the bond market are the terms and conditions on voluntary compliance with transparency obligations, the violation of which leads to higher interest rates. Such a construction of the interest coupon – coupled with transparency criteria – has now been designed for the first time. Luther took over the legal structuring.**

Euroboden GmbH has early placed a five-year corporate bond (ISIN DE000A2GSL68) with a coupon of 6.0% p. a. (half-yearly interest payment) and a volume of EUR 25 million. Due to a significant oversubscription, the initial subscription period running until 7 November 2017 was already closed early on the first day (23 October 2017). The exchange offer for the old bond, which was limited until 18 October 2017, was already accepted with an impressive 81.4 %. In future, the bond will be traded on the Open Market of Deutsche Börse AG in the Quotation Board segment for bonds. Euroboden intends to use the proceeds to refinance its old bond issue, which will expire in July of next year, and to finance new projects.

A special feature of the corporate bond issued by Euroboden is that bondholders receive a coupon 0.5 percentage points higher if the company violates voluntary transparency criteria. This includes, for example, the timely publication of financial statements, but also the holding of an annual investor event. An auditor will monitor compliance with these commitments. These regulations are unique in the German SME bond market. Euroboden is the first issuer to not only make a verbal commitment to transparent capital market communication, but also embody this in the bond terms and conditions.

### **Model for future bond issues of real estate companies**

This path could set the course for real estate companies in particular, as the establishment of the new, stricter market segment Scale of Deutsche Börse AG has primarily put the real estate sector in trouble. The real estate companies are mostly indebted to the business model and therefore often do not meet the stricter admission criteria that scale to bond issuers places. If they then place their bonds on the open market, they have to convince investors by other means that they too will meet the transparency criteria customary for Scale.

### **About Euroboden GmbH**

Since 1999, Euroboden has been successful as an architectural brand and developer. The real estate developer works together with leading national and international architects and develops high-quality residential properties in central, highly sought-after inner-city locations in Munich and Berlin. Each project is unique in its architecture. The project pipeline comprises a volume of EUR 400 million.

*<http://www.euroboden.de/en/>*

### **For Euroboden GmbH**

Luther, Banking and Capital Markets: Ingo Wegerich (Lead Partner),  
Demis Tarampouskas (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 350 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 Rechtsanwalts-gesellschaft 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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