



K-Bond XIX – Project Car City

German mortgage backed loan note

Tranche A:

4 % Coupon

10 year term

Investment Ordinance for Reserved Assets (*AnIVo*) Section 2
No. 1 and 4

SGB IV compliant

eligible for cover funds (*deckungsstockfähig*)

€ 47,000,000

Tranche B:

€ 19,000,000, 8.15 % Coupon

Amortisation: 9 % p.a.



Eligible for cover funds

(deckungsstockfähig)

Application of the standards of the German Pfandbrief Act with a loan value of under 60 % of the realisable value ensure a secure investment of directly or indirectly held properties for German institutional investors.

K-Bonds AG has successfully placed mortgage backed loan notes since 2012. The loan note "Car City" (**K-Bond XIX**) which shall be placed in May 2014 has the following indicative terms:

Terms Sheet (indicative):

Tranche A:	€ 47,000,000 (57.9 % of the realisable value and 53.8 % of the market value)
Maturity:	10 years
Coupon:	4.00 % p.a.
Format:	Loan note (German law)
Collateral:	First ranking land charges on the properties, assignment of claims as well as pledge of the accounts
Borrower:	PropCos, held by the Sponsor
Sponsor:	Dazzle Capital Holdings Limited, Isle of Man
Realisable value :	approx. € 81,150,000
Market value:	approx. € 87,290,000

Tranche B:	€ 19,000,000 (together with the first ranking tranche: 81.3 % of the realisable value, 75.6 % of the market value)
Maturity:	7.5 years
Coupon:	8.15 % p.a.
Collateral:	Second ranking land charges and collateral. Amortisation: 9 % p.a.

Cash Flow:	Net rental income of approx. € 6.9 million
Interest Amount:	€ 3.43 million (ICR approx. 225 %, rising)
Repayment:	€ 1.71 million (DSCR approx. 134 %, rising)

The loan note complies with Section 2 sub-section 1 nos. 1 and 4 of the German Investment Regulations (*Anlageverordnung/AnIV*) as follows:

1. Land charges for German properties are registered in favour of the lenders under the loan note
2. Requirements of section 14 and 16, sub-section 1 to 3 of the German *Pfandbrief* Act were taken into account and are complied with.

SGB IV requirements have likewise been fulfilled.