



## Essential information on the IMMOVATION Immobilien Handels AG debenture bond with ISIN DE000A2NBY55

**Warning: The acquisition of this bond is associated with considerable risks and can lead to the complete loss of the capital invested.**

### 1. Bond type

Debenture bond payable to the holder

#### International bond identification number (ISIN)

ISIN DE000A2NBY55

### 2. Mode of operation and law

Debenture bonds, otherwise known as bond loans, are fixed interest bonds. Unlike shares, debenture bonds impart no claim to profit-related dividends but fixed interest payments for the paying in and handing over of the loan capital. The debenture bond is divided into partial debentures (partial amounts which the debenture bond is divided into). The partial debentures are certified for the entire term of the debenture bond (30<sup>th</sup> September 2024) in a global document without a global interest certificate. The global document is deposited with Clearstream Banking AG, Frankfurt am Main in collective safe custody.

The investor is entitled to return the debenture bond at the end of the loan term against full repayment of the nominal amount. The repayment amount is due for payment on the first banking day after the end of the term or the coming into effective of the termination. The repayment amount is not subject to stock market fluctuations. Furthermore, the investor is entitled to payment of interest at 5.00% p.a. relating to the total nominal amount of the debenture bond. Insofar as interest is payable for more or less than a year, the calculation is done in accordance with the Actual/Actual method. Partial debentures can also be transferred, acquired by an interested party, ceded to third parties or pledged at any time before the expiry of the term. The investor is not entitled to give statutory notice of termination during the term (30<sup>th</sup> September 2024). Regardless of this, the investor is entitled to give notice of termination for important reasons. In addition, the issuer is entitled to terminate the outstanding debenture bond prematurely in full or all outstanding partial debentures annually whilst complying with a notice period of at least 90 days to the end of an interest period, whereby the repayment amount is then increased by 1.0% of the terminated nominal amount for each interest date which ceases to apply due to premature termination by the bond debtor. The rights of the bond creditor ultimately also include the right to convene a creditor's meeting and the demand for a vote without a meeting.

### 3. Identity of the provider / issuer including the business activity

The provider and issuer is IMMOVATION Immobilien Handels AG with its head office in Kassel (business address: Druseltalstrasse 31, 34131 Kassel, entered in Kassel District Court's commercial register under no. HRB 6062). The main field of activity of the issuer consists in a) the management and holding of participations in companies which are specifically active in the fields of construction management and property development as well as the provision of activities in terms of Section 34 c of the trade regulations, the construction, renovation, project management, purchase and sale and also the management of real estate and its provision with energy and also the assumption of personal liability for and management of commercial companies, and the taking over of business and management tasks for affiliated companies; b) Project management and marketing of investments, specifically owner-occupied housing and/or housing complexes and real estate funds and also the buying and selling of real estate and the arrangement of finance.

### 4. Target market / Investor group

The offer to acquire partial debentures is not limited to particular investor groups. The proposal is available exclusively in Germany and also in Hungary, Austria and Luxemburg subject to notification requirements. This investment is suitable for private customers within the terms of Section 67 Paragraph 3 of the Securities Trading Act who have extensive knowledge of investments and have a mid- to long-term investment horizon for asset optimisation (i.e. no option of regular termination during the term, i.e. until 30<sup>th</sup> September 2024) and are able to bear losses of up to 100 percent of the capital invested, although a threat to the investor's other assets is not impossible (e.g. with debt financing). The risks affecting the investor which are set out in detail in the chapter on Risk Factors on page 24 ff of the security prospectus are insofar pointed out. They are suitable for persons with high risk tolerance and who anticipate high returns and not suitable for persons whose investment aim is to build up provision for old age.

### 5. Risks

The debenture bonds offered are associated with specific risks. Not all risks can be portrayed in the following (see the risk factors extensively described in the security prospectus). The incidence of individual risks or the cumulative effect of various risks can have a considerable effect on the financial status and the asset and profit situation of the issuer with the consequence that the issuer is either partly or completely unable to service the contractually agreed interest and/or repayment obligations from the debenture bond towards investors. In the worst case this can lead to the insolvency of the issuer and thus to a total loss of the investor's funds.

- Repayment of the debenture bond and interest payments are directly dependent on the economic success and the solvency of the issuer and its affiliated companies (together the IMMOVATION consortium). The economic success and solvency of the IMMOVATION consortium depend in turn on the economic success of the business activities of the individual companies. The business activities of the IMMOVATION consortium cover the complete value creation chain of the real estate sector from property research and purchasing and the design, realisation and management of real estate projects to property management and the sale of properties.

- Due to the nature of its business activities, the IMMOVATION consortium's results are dependent on the development of real estate projects and the state of the property market. Sector-specific risks can occur in particular in that less favourable results from properties are achieved due to a shortage of supply and higher purchase prices and/or a sale is not made at all or only at less favourable conditions, that investment constraints and/or marketing difficulties can result from a deterioration in the financing conditions of lending banks and from less favourable financing conditions on the part of both the vendor and the purchaser, that misjudgements in the selection of suitable properties could make the sale of the properties more difficult at the planned prices, that devaluations of the property investments may result from noise or emission pollution, that nothing can be said about the quality of properties in as yet unknown property investments (frequency of repairs, construction quality, limited resellability, inadequate rental returns etc.), that the renovation, maintenance or modernisation of property cause higher costs than planned and/or unforeseen additional expenses and rental and/or sale risks occur for the property, that the local market situation changes unfavourably for the issuer due to the activities of competitors and that the calculated future proceeds from renting or sale do not come about to the amount planned.
- Future changes to national and European laws, directives and guidelines and their interpretation, future supervisory limitations and/or regulations and/or supervisory measures cannot be ruled out. There is a fundamental possibility that the issuer may be forced to rearrange, reduce or also cease business activities due to legislative, judicial or official measures.
- The debenture bond grants no right to participation, involvement or voting in the issuer's shareholders' meeting. Investors cannot exert any influence on the business activities of the issuer and/or the IMMOVATION consortium.
- The debenture bond is subject to no deposit protection and no current state control. No statutory authority monitors the issuer's business activities and allocation of resources in this respect.
- The repayment of the nominal sum and payment of interest depend on the solvency of the issuer. The issuer's solvency depends on numerous factors such as the overall economic situation, the climate in the real estate sector or the issuer's future income and profitability.
- No ordinary right of termination exists during the term. Investors' right to terminate for important reasons is limited in that their termination is only effective if at least IHS to the volume of 24% of the total nominal sum is terminated. On the one hand this affects cases in which the issuer is more than 90 days in arrears with interest payments and on the other cases in which the issuer does not adhere to major obligations, conditions or agreements arising from the debenture bond and this non-adherence lasts longer than 90 days.
- A decision to invest should not be taken solely based on the explanations in this fact sheet as the information it contains cannot replace qualified advice and clarification tailored to the needs, aims, experience and/or knowledge and circumstances of the individual investor from an expert.

## **6. Issuer's debt ratio**

The debt ratio calculated on the basis of the last annual financial statement drawn up on 31<sup>st</sup> December 2017 is 17.44%.

## **7. Prospects of repayment of capital and earnings**

This bond has a medium-term investment horizon. The prospects for the issuer's business activities and therefore the bond change depending on whether the real estate market improves or deteriorates. If business develops positively, depending on property market conditions, there is a possibility that the investor will receive all interest to which they are entitled for the period of the contractually agreed term and also the repayment of the nominal sum. In case of positive developments, the investor shall receive the interest they are entitled to for the loan period and the repayment of the nominal sum. In case of negative developments, it is possible that the investor will not receive a part of or the entire amount of the interest they are entitled to or the full repayment amount.

### **Prospects for capital repayment:**

- In case of neutral/positive market development for the investor: repayment of the full capital invested
- In case of negative market development for the investor: the debenture bond is not subject to any legally prescribed deposit protection. In case of negative developments and/or insolvency of the issuer a part of or all the capital invested can be lost.

### **Prospects for earnings:**

- In case of neutral/positive market development for the investor: the interest of 5.00% p.a. in relation to the nominal sum will be achieved.
- In case of negative market developments: the debenture bond is not subject to any statutory prescribed deposit protection. In case of negative business development and/or the insolvency of the issuer there is immediately no guarantee that the contractually agreed interest will be paid to the investor. This can mean lower income down to the loss of the claim to payment of interest

## 8. Costs and commission

**Costs for the investor:** The minimum amount for subscribing to the debenture bond is € 10,000.00. The investor must also pay accrued interest to the issuer if the bond is acquired after the beginning of the term. The accrued interest serves as compensation for the investor's benefit in that they are paid the increased repayment amount for the full term on the day of repayment although they only subscribed to the bond after the start of the interest run (1<sup>st</sup> October 2018) and would only really be entitled to a pro rate repayment amount. No further costs and taxes are invoiced to the investor. Further costs can occur due to the individual decisions/circumstances of the investor. The provider can make no predictions about the amount of the aforementioned costs.

**Costs regardless of placement:** One-off costs accrue in connection with the production of the prospectus for the partial debenture bonds regardless of the success of the placement. These costs include consulting (legal and tax consulting), filing the prospectus for the purpose of approving its publication, possibly the placement of the request for inclusion on the unofficial market with the Frankfurt am Main. stock exchange, stock exchange fees and one-off fees in connection with the transfer of the bonds to collective safe custody. The costs regardless of placement foreseeably amount to approximately € 30,000.00 and are borne by the issuer.

**Costs dependent on placement:** The costs dependent on placement amount to up to approximately 5.35 % of the investment capital paid in for the capital brokerage of the partial debenture bonds (brokerage commission), marketing including printing of the documents and placement in custody (delivery) of the partial debentures. In case of full placement this corresponds to a total amount of up to € 1,070,000.00.

**Costs for placement in custody:** The issuer cannot make any predictions as to the costs the investor may incur from placement into custody.

## 9. Offer conditions and issue volume

Minimum nominal amount: € 1,000.00.

The issue volume (total nominal amount) is € 20,000,000.00.

It is anticipated that the debenture bond will be offered for public subscription from 1st October 2018 to 13th September 2019. A shortening (specifically in case of full placement) is reserved. The debenture bond can be subscribed to with the issuer within the subscription period by forwarding a subscription certificate to the issuer. The subscription certificate is available from the issuer. The issuer may additionally make use of brokers from whom the debenture can be subscribed to at their discretion. Following transfer of the subscription certificate, the subsequent request to pay the purchase price (nominal amount plus the accrued interest multiplied by the number of partial debentures underwritten) and their full crediting to the issuer's account, the number of partial debentures underwritten will be credited to the investor's depot within 45 days after payment of the purchase price at the latest.

## 10. Planned use of the anticipated net issue proceeds

The intention is to use the anticipated net issue proceeds to finance the business activities of the IMMOVATION consortium (property research and purchasing, the design, realisation and management of real estate projects to property management and the sale of properties).

## 11. Taxation

Interest payments count as income from capital assets for private investors. Income from interest and capital gains are subject to capital gains tax (flat rate tax) and the solidarity surcharge. If the debenture bonds are held in commercial working capital, interest payments are regarded as income from commercial operations. How they are dealt with as regards tax also depends on the investor's personal circumstances and can be subject to change in future. The investor can obtain further information on tax or any withholding of taxes from the bond prospectus. This tax information is not exhaustive and is no substitute for individual tax advice. Furthermore, it is recommended that every investor carefully checks the legal and fiscal aspects in connection with the acquisition, holding, sale and cashing in of the debenture bonds taking into account their individual tax status with a tax advisor before investing.

## 12. Important information

The information which this leaflet contains was produced voluntarily by the issuer. The key information relates to the main features of the product type to which the product belongs and also the product's risks and earnings opportunities. This information in no way represents an invitation or an offer to buy or subscribe to the debenture bonds. This information is not investment advice and this information cannot be a substitute for such advice. The information, statements and forecasts contained in this document are purely of an informative nature and do not contain all relevant information about the investment. The subscription conditions and the published bond prospectus containing the opportunities and risks of the investment which is available free of charge from IMMOVATION Immobilien Handels AG, Druseltalstrasse 31, 34131 Kassel exclusively form the basis of the specific product.

## 13. Status

25<sup>th</sup> September 2018