

Residential Property Investments in Germany



Extracts from a loan offer containing a “War Chest” commitment.
(specific to the German market, with comments inserted)

Borrower	Single Purpose Vehicle (SPV)	Non recourse to shareholders Registered in any respectable Domain.
Facility amount	€25 million	This lender’s minimum loan is circa €5m with no maximum.
“War Chest”	A committed forward purchasing agreement to assist the borrower in acquiring residential investment properties	This removes the need to arrange funding on a deal by deal basis; enabling speedy completions.
Drawdown	Circa €5m of properties at initial drawdown with the balance of the War Chest available for 12 months without any undrawn facility fees	
Loan to Value	85% (limited to 95% of purchase price excluding costs)	Desktop valuations can be arranged in advance of lenders formal presentation
Term	10 years	Can be a shorter period if required.
Loan repayment structure	Years 1 and 2 interest only. Years 3 to 10 soft repayment to 75% of value by end of year 10	
Interest margin	1.25% over 3 months Euribor★ Fixed for a minimum of 5 years	This margin reflects the high loan to value, soft repayment and term of loan. Margins can be lower reflecting a more conservative risk profile or shorter term.
Payable	Quarterly in arrears	
Banks arrangement fee	From 0.35% payable as funds are drawn down from the War Chest	
Type of properties	Residential investments with up to 30% commercial in strong locations throughout Western Germany. Eastern Germany limited to Dresden and Leipzig.	For a greater element of commercial see separate CLP document.

★ CLP regularly tracks and updates UK, Euro and US swap (fixed) rates between 1 and 30 years at www.swaprates.co.uk.