

PAUL KLOPSTOCK  
PRESIDENT

# Foreign Trade Securities Company, Ltd.

43 EXCHANGE PLACE

NEW YORK

CABLE ADDRESS "FORTSUCO"  
ALL STANDARD CODES USED

TELEPHONE  
WHITEHALL 0620

December 24, 1926.

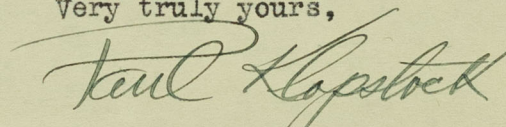
Finlands Bank,  
Helsingfors,  
Finland.

Gentlemen:

Enclosed herewith please find copy of the circular on the Housing and Realty Improvement Company which loan was recently purchased by us and issued in conjunction with Messrs. J. & W. Seligman & Company and E.H. Rollins & Sons.

Your attention is invited to the fact that this is the first financing of this character effected by any group in the American market. Considering the shortage of housing facilities throughout Europe, we anticipate that it will be but the beginning of a large volume of financing in America for this purpose, and it is our intention to give our friends the utmost service in this respect.

Very truly yours,

  
President.

PK:MK

**\$1,500,000**

# Housing and Realty Improvement Company

Wohnhaus-Grundstücks-Verwertungs A. G., am Lehniner Platz, (Berlin)

## First Mortgage Twenty-Year Sinking Fund 7% Gold Bonds

(Closed Mortgage)

Dated November 15, 1926

Due November 15, 1946

Interest payable November 15 and May 15. Coupon Bonds in denominations of \$1,000 and \$500, registerable as to principal. Principal and interest payable in New York City at the office of J. & W. Seligman & Co., Fiscal Agents, in United States gold coin of the present standard of weight and fineness, without deduction for any German taxes, and payable in time of war as well as in time of peace, irrespective of the residence or nationality of the holder.

**The Payment of Interest, Sinking Fund and Principal at Maturity, is insured, jointly and severally, by German insurance companies.**

Cumulative Sinking Fund beginning May 15, 1927, sufficient to redeem the entire issue by maturity through semi-annual drawings at par and accrued interest. In lieu of Sinking Fund payments the Company may deliver, at par, outstanding Bonds of this issue. Not redeemable except for the Sinking Fund before November 15, 1929; redeemable on November 15, 1929, and any interest date thereafter to and including May 15, 1931, at 110; thereafter to and including May 15, 1934, at 103; thereafter to and including May 15, 1936, at 102; thereafter to maturity at 100, in each case with accrued interest.

Guaranty Trust Company of New York, Trustee  
Dresdner Bank, Berlin, German Trustee

*The following information has been summarized by Dr. Bernhard Francke, Managing Director of the Company, from his accompanying letter:*

### PROPERTY

The Housing and Realty Improvement Company was organized for the purpose of erecting and operating on an entire city block in Berlin twenty-three apartment houses containing one, two, three and four room apartments, greatly needed because of the housing shortage there. The land is located on Kurfürstendamm which is the main avenue of traffic in the western section of the City, served by subways, surface cars and bus lines, and traversing the centre of the residential district.

The site contains 363,000 square feet with a frontage of 368 feet on Kurfürstendamm, and is the only vacant block of land in this neighborhood. The buildings will be placed on it in the form of a hollow square, with stores, a cafe with ballroom, and a restaurant accommodating 1,500 people facing the avenue Kurfürstendamm, and with apartment houses having a total of 973 rooms on the other three sides. Facilities for sports and other recreations will be located within the block.

### SECURITY

These Bonds, in the opinion of counsel, will be secured, on the completion of this financing, by a closed first mortgage on the four parcels of land comprising the site, on the leases thereof and on the buildings to be erected thereon. The land is owned in fee by Felicia Lachmann-Mosse, owner and publisher of the "Berliner Tageblatt," one of Germany's leading newspapers and she has leased each parcel to a separate subsidiary of the borrower for a term expiring after the maturity of the Bonds.

A mortgage will be executed by Felicia Lachmann-Mosse and by each of said subsidiaries and will be registered in Gold Marks under the German Stable Value Mortgage Law, on the two most important parcels and leases thereof for an amount equivalent to 10% in excess of the entire principal amount of the Bonds and on the other two parcels and the leases thereof for smaller amounts. There will also be pledged pursuant to the Trust Agreement, as further security, the stock of each of these lessee subsidiary companies.

### VALUATION

The insurance companies before agreeing to insure the payment of these bonds appraised the land at \$2,272,619. The cost of the buildings is estimated at \$1,904,762, making the total valuation of the land and buildings \$4,177,381. This loan represents only 36% of the total valuation of the land and buildings upon completion. There will be second mortgages held by the City of Berlin aggregating approximately \$430,000, running for 50 years, on the two largest parcels and on the leases thereof.

### INSURANCE COMPANIES' OBLIGATION

The payment of the interest, sinking fund and principal at maturity is insured, jointly and severally, by German insurance companies, among which are the Allianz Insurance Company, founded in 1890, whose resources alone exceed \$30,000,000, and the Münchener Reinsurance Company, founded in 1880.

### EARNINGS

The net rental income based upon a conservative rental schedule and after making allowance for vacancies, maintenance and operating charges, including taxes, insurance, depreciation, etc., is estimated at \$320,000 per annum, or over three times the annual interest charges on this loan. The Company's earnings, and the land and buildings, are not subject to any charges under the Dawes Plan.

### PURPOSE OF ISSUE

The proceeds from the sale of these Bonds will, by agreement between the insurance companies and the borrower, be deposited with the Dresdner Bank, Berlin, and be disbursed for the construction and development of the properties and to the payment of the existing mortgages thereon.

All conversions from German to United States Currency have been made at the rate of 4.20 Marks to the Dollar.

### Price on Application

These Bonds are offered when, as, and if issued and received by us, subject to prior sale and subject to the approval of counsel in New York and associate German counsel. Temporary Bonds or Interim Certificates of Guaranty Trust Company of New York will be delivered in the first instance.

**J. & W. Seligman & Co.**

**E. H. Rollins & Sons**

**Foreign Trade Securities Co., Ltd.**

*The statements contained herein are received from sources believed to be reliable but are not guaranteed, and are in no event to be construed as representations made by us.*

**HOUSING AND REALTY IMPROVEMENT COMPANY**  
Wohnhaus-Grundstücks-Verwertungs A. G., am Lehniner Platz, (Berlin)

Berlin, November 15, 1926.

Messrs. J. & W. Seligman & Co.,  
E. H. Rollins & Sons,  
Foreign Trade Securities Co. Ltd.  
New York, N. Y.

Gentlemen:

In connection with your purchase of \$1,500,000 First Mortgage Twenty-Year Sinking Fund 7% Gold Bonds, due November 15, 1946, we submit the following information:

**PROPERTY**

The Housing and Realty Improvement Company was organized for the purpose of erecting and operating on an entire city block in Berlin, a building unit consisting of apartments and stores which are greatly needed because of the housing shortage. The land is located on Kurfürstendamm, which is the main avenue of traffic in the western part of the City. The site contains 363,000 square feet with a frontage of 368 feet on Kurfürstendamm; is in the heart of the residential section of the City, and is the only vacant block in this neighborhood. It is served by subways, surface cars and bus lines.

The plan for the buildings is original in architectural design and practicability. They will be built in the form of a hollow square, with apartment houses on three sides containing one, two, three and four room apartments. Facing the avenue Kurfürstendamm will be stores, a cafe with ballroom, and a restaurant accommodating 1,500 people. A sport and recreation center having covered tennis courts and other athletic facilities (the only institution of its kind in Berlin) will be located within the block.

**SECURITY**

These Bonds, in the opinion of counsel, will be secured, on the completion of this financing, by a closed first mortgage on the four parcels of land comprising the site, on the leases thereof and on the buildings to be erected thereon. The land is owned in fee by Felicia Lachmann-Mosse, owner and publisher of the "Berliner Tageblatt," one of Germany's leading newspapers and she has leased each parcel to a separate subsidiary of the borrower for a term expiring after the maturity of the Bonds.

A mortgage will be executed by Felicia Lachmann-Mosse and by each of said subsidiaries and will be registered in Gold Marks under the German Stable Value Mortgage Law, on the two most important parcels and leases thereof for an amount equivalent to 10% in excess of the entire principal amount of the Bonds and on the other two parcels and the leases thereof for smaller amounts. There will also be pledged pursuant to the Trust Agreement, as further security, the stock of each of these lessee subsidiary companies.

**INSURANCE COMPANIES' OBLIGATION**

The payment of the interest, sinking fund and principal at maturity is insured, jointly and severally, by German insurance companies, among which are the Allianz Insurance Company, founded in 1890, whose resources alone exceed \$30,000,000, and the Münchener Reinsurance Company, founded in 1880.

**VALUATION**

The insurance companies before agreeing to insure the payment of these Bonds appraised the land at \$2,272,619. The cost of the buildings is estimated at \$1,904,762, making the total valuation of the land and buildings \$4,177,381. This loan represents only 36% of the total valuation of the land and buildings, upon completion. There will be second mortgages held by the City of Berlin aggregating approximately \$430,000, running for 50 years, on the two largest parcels and on the leases thereof.

**RENTAL DEMAND**

The curtailment of new construction during and since the war has caused a pressing demand for apartment houses and amusement accommodations such as this program contemplates. Because of a rising tendency in rents, leases on the theatres, shops and the sport center will be granted for ten years only, and leases on the apartment houses for not exceeding five years.

**EARNINGS**

The net rental income based upon a conservative rental schedule and after making allowance for vacancies, maintenance and operating charges, including taxes, insurance, depreciation, etc., is estimated at \$320,000 per annum, or over three times the annual interest charges on this loan. The Company's earnings, and the land and buildings, are not subject to any charges under the Dawes Plan.

### PURPOSE

The proceeds from the sale of these Bonds will, by agreement between the insurance companies and the borrower, be deposited with the Dresdner Bank, Berlin, and disbursed for the construction and development of the properties and to the payment of existing mortgages thereon.

### MANAGEMENT

The Board of Directors (Aufsichtsrat) of the issuing company is composed of Ludwig Sachs, Arthur Hoffman, Curt Meyer and Herman Korytowski of whom the first three are prominent bankers. The management of the business and properties is under the supervision and direction of experienced business men thoroughly familiar with enterprises of this character.

### DESCRIPTION OF THE BONDS

The Bonds are to be dated November 15, 1926 and will be due November 15, 1946. Interest is to be payable November 15 and May 15. Principal and interest are to be payable at the offices of the Fiscal Agents, J. & W. Seligman & Co., of New York, in United States gold coin of or equal to the present standard of weight and fineness, without deduction or diminution for any taxes, past, present or future, of the German Republic, or of any state, province, community, municipality or other taxing authority therein or thereof, and payable in time of war as well as in time of peace irrespective of the residence or nationality of the holder. The Bonds are to be in coupon form in denominations of \$1,000 and \$500, registerable as to principal only.

Not redeemable except for the Sinking Fund before November 15, 1929; redeemable on November 15, 1929, and any interest date thereafter to and including May 15, 1931, at 110; thereafter to and including May 15, 1934, at 103; thereafter to and including May 15, 1936, at 102; thereafter to maturity at 100, in each case with accrued interest.

### SINKING FUND

The indenture under which these Bonds are to be issued will provide for a cumulative Sinking Fund beginning May 15, 1927, sufficient to retire the entire issue by maturity through semi-annual drawings at 100 and accrued interest. In lieu of Sinking Fund payments the Company may deliver, at par, outstanding Bonds of this issue.

All conversions from German to United States Currency have been made at the rate of 4.20 Marks to the Dollar.

Very truly yours,

WOHNHAUS-GRUNDSTÜCKS-VERWERTUNGS A. G., AM LEHNINER PLATZ (BERLIN)

DR. BERNHARD FRANCKE,  
Managing Director.

SKETCH PLAN  
BUSINESS & RESIDENTIAL SECTION  
**BERLIN**  
SHOWING LOCATION OF PROPERTY  
OF THE  
**HOUSING & REALTY IMPROVEMENT COMPANY**

