

THE NATIONAL CITY COMPANY

No. 71

AFFILIATED WITH
THE NATIONAL CITY BANK OF NEW YORK.

CAPITAL \$10,000,000
TRANS-ATLANTIC CABLES: NACITCO, LONDON
TELEGRAMS: NACITCOLUN, STOCK, LONDON
TELEPHONE: LONDON WALL 1737 (4 LINES)

34, BISHOPSGATE,
LONDON, E.C. 2.

13/-1-26

\$5,000,000

SAXON STATE MORTGAGE INSTITUTION
(Sächsische Landespfandbriefanstalt)

7% Industrial Mortgage Collateral Sinking Fund Gold Bonds.

UNCONDITIONALLY GUARANTEED AS TO PRINCIPAL, INTEREST & SINKING FUND BY THE FREE STATE OF SAXONY.

Dated: December 1, 1925

Due December 1, 1945.

Interest payable June 1, and December 1.

Coupon Bonds in denominations of \$1,000 and \$500 registerable as to principal only.

SINKING FUND. A cumulative sinking fund beginning June 1, 1926 will retire bonds semi-annually by purchase in the market up to 100 and interest or, if bonds shall not be so obtainable, by redemption by lot at 100 and interest, in amounts sufficient to retire the entire issue by maturity.

The issue is callable as a whole but not in part on December 1, 1935 or on any interest date thereafter at 103, upon 30 days' notice.

Principal and interest payable in U.S.A. gold coin, at the Head Office of the National City Bank of New York, and shall be paid in time of war as well as in time of peace without respect to the nationality of the holder and without deduction for any taxes, charges, duties or other assessments now or hereafter imposed or levied by or within the German Reich or the Free State of Saxony, or by or within any political subdivision or taxing authority thereof.

SECURITY. These bonds are the direct credit obligation of the Mortgage Institution and are secured by its entire resources, and will at all times be secured by a pledge or mortgages of an amortized principal equivalent in U.S.A. gold dollars or in gold marks to the aggregate principal amount of the outstanding bonds, or in lieu of such mortgages, cash of an equivalent amount. These mortgages will be absolute first liens on industrial properties, subject only to charges of industrial debentures, issued under the Dawes Plan, or by any charge created by The Law for the Collection of Industrial Charges, and possible minor charges not materially affecting the value of the property. These mortgages may not exceed 30% of the appraised value of the property covered and shall bear interest at a rate of not less than 7% and shall mature not later than December 1, 1945. The Mortgage Institution may call for the payment of any pledged mortgage upon three months' notice, or with the consent of the State Commissioner, immediately in case it has reason to apprehend danger of loss. The issue will be further secured by the joint and several liability of all mortgagors whose mortgages are pledged under the Trust Indenture to pay assessments up to 10% of the original principal amount of their respective mortgages, should such assessment become necessary to insure the payment of interest and amortization of these bonds. They are also unconditionally guaranteed by the Free State of Saxony. As the Mortgage Institution is a State Institution, it is not required to issue industrial debentures under the Dawes Plan, but in accordance with the Law for the Collection of Industrial Charges it will be required to make certain annual payments.

With the exception of the Ruhr, Saxony is the most important industrial district of Germany, having extensive coal deposits, abundant water power and well developed railroads and long distance transmission of cheap electricity. It contains 12% of all German industrial enterprises, and most important of which is the textile industry, while the second in importance is the metal products and machinery industry. The manufacture of pottery, wood products and chemicals and almost all other industries are represented in some form or other. The tendency, however, is to specialize in the manufacture of goods which require individual effort and can be produced most economically in small and medium sized establishments, such as are found in Saxony. The proceeds of these bonds are to be used to develop still further such industries, which through lack of working capital, are unable to produce their normal output. With their re-establishment, Saxony will be in a better position to contribute its proper share towards the necessary payment called for under the Dawes Plan.

ORGANISATION AND PURPOSE. The Saxon State Mortgage Institution is organised under the auspices of the State of Saxony, with its principal offices located in the City of Dresden capital of Saxony. It began business on October 1, 1925 with a capital of reichmarks 1,000,000, which was contributed by the State. It operates under the detailed supervision of the State Government. It is restricted to the granting of loans secured by mortgages on real estate, situated in Saxony, devoted primarily to industry, commerce and trade. Loans may be granted only against immediately enforceable mortgages in amounts running in general from reich marks 5,000 - 200,000. By and with the consent of the proper governmental authorities the Mortgage Institution is authorized to raise the necessary funds for loan purposes through the issue of bonds up to reich marks 50,000,000 principal amount, secured by mortgages of an equivalent aggregate principal and bearing at least as high a rate of interest.t.

APPLICATION WILL BE MADE TO LIST THESE BONDS ON THE NEW YORK STOCK EXCHANGE

PRICE: $93\frac{1}{2}$ & INTEREST NEW YORK. TO YIELD: 7.63% TO MATURITY.

13th January 1926

THE INFORMATION CONTAINED HEREIN HAS BEEN DERIVED FROM SOURCES WHICH WE REGARD AS RELIABLE. WHILE WE DO NOT GUARANTEE SAME, WE BELIEVE IT TO BE CORRECT.
