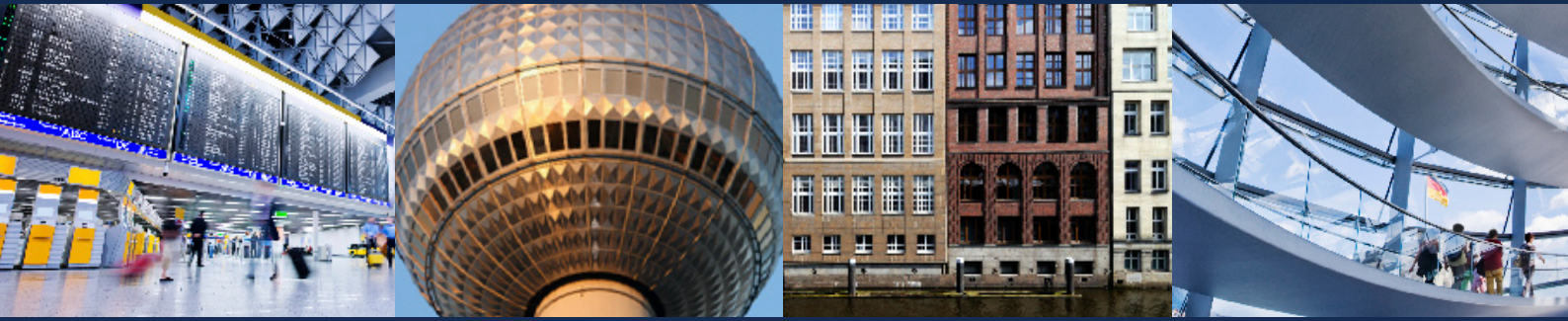


propfund
GERMANY



German Property Fund

Propfund Residential 1 Investment Brochure

German Property Fund

Share in a highly profitable portfolio of off-market, fully rented, residential property being acquired at record low prices.

- ✓ Fully Regulated by the German Federal Financial Authority
- ✓ Invest from €30,000 to €3,000,000 in our tailor-made property investment fund
- ✓ Share in a profitable, self-financing portfolio of over 500 properties worth over €30,000,000
- ✓ Estimated minimum annual dividend distribution of 7.0% increasing to an expected 10.01%
- ✓ Private investors can expect a 272% Return on Investment. Share in a Profit of at least €19,000,000 over the next 10 years
- ✓ Very strict criteria for acquiring properties: Min 8% yields, Max 12.5 purchase factor, only profitable & self-financing properties, potential to increase the rental income
- ✓ €10,000,000 in Private Equity and a minimum of €20,000,000 in non-recourse German bank financing



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portfolios at record low prices. Private investors can participate in Propfund by investing from €30,000 up to €3,000,000 in private equity. As a shareholder in PropFund you will benefit from an expected annual minimum dividend distribution of 7.0% from the purchase, rental and resale of a managed German property portfolio. Over a period of 10 years, shareholders can expect to earn up to 272% return on their investment. Returns will be paid to shareholders each year.

The idea is very simple:

Investors can share in a profitable self-financing portfolio of over 500 properties worth over €30,000,000. Propfund is taking advantage of global economic conditions by acquiring fully rented, residential property



Investment Summary

PropFund Germany

PropFund Germany 1 GmbH & Co. KG is a German company which specializes in acquiring and managing portfolios of high yielding, distressed property in Berlin and neighboring cities. Our proven strategy is to generate significant wealth for our shareholders through a rental based low risk hold strategy. As a sign of confidence, Propfund Germany has been vetted and approved by the German Financial Regulator (BaFin) and we have committed ourselves to the highest levels of industry regulation.

Reasons to Invest

- German residential Property Fund fully regulated by the German Financial Regulator
- 272% ROI forecast over the term of the investment
- Invest from €30,000 to €3,000,000
- Returns paid to shareholders every year for 10 years

Features

- Invest in profitable & self-financing tenanted buildings in Berlin and neighboring cities at discounted prices
- Distressed projects: 20%-30% below market values
- Rented properties: Acquiring buildings with a minimum 8% annual rental yield from its current sitting tenants
- Finance: 30% private equity and 70% through preferential German bank financing with fixed interest rates for 10 years
- Profit from purchasing, renting and reselling a German property portfolio
- Benefit from 7.0% up to 10.0% dividend distribution every year, plus capital appreciation once fund portfolio is sold
- Fully managed fund with trustee structure in place for foreign investors

The Investment

Investors can share in a profitable self-financing portfolio of over 500 properties worth over €30,000,000. Propfund is taking advantage of global economic conditions by acquiring fully rented, residential property portfolios at record low prices. Private investors can participate in Propfund by investing from €30,000 up to €3,000,000 in private equity. Over a period of 10 years, shareholders can expect to earn up to 272% return on their investment. Returns will be paid to shareholders each year.

Returns are generated from:

1. Annual Profit dividends: 7%-10% of the equity invested per annum

The cash surplus (or profit) from the rental income after the mortgage repayments, property management expenses and any other fees outlined in our investment prospectus, will be distributed to shareholders. This profit will be paid to shareholders each year as a % of their equity invested.

Our fund managers are targeted to generate €700,000 to €1,000,000 in profits per annum which is equivalent to 7%-10% profit dividends based on the total amount of equity invested.

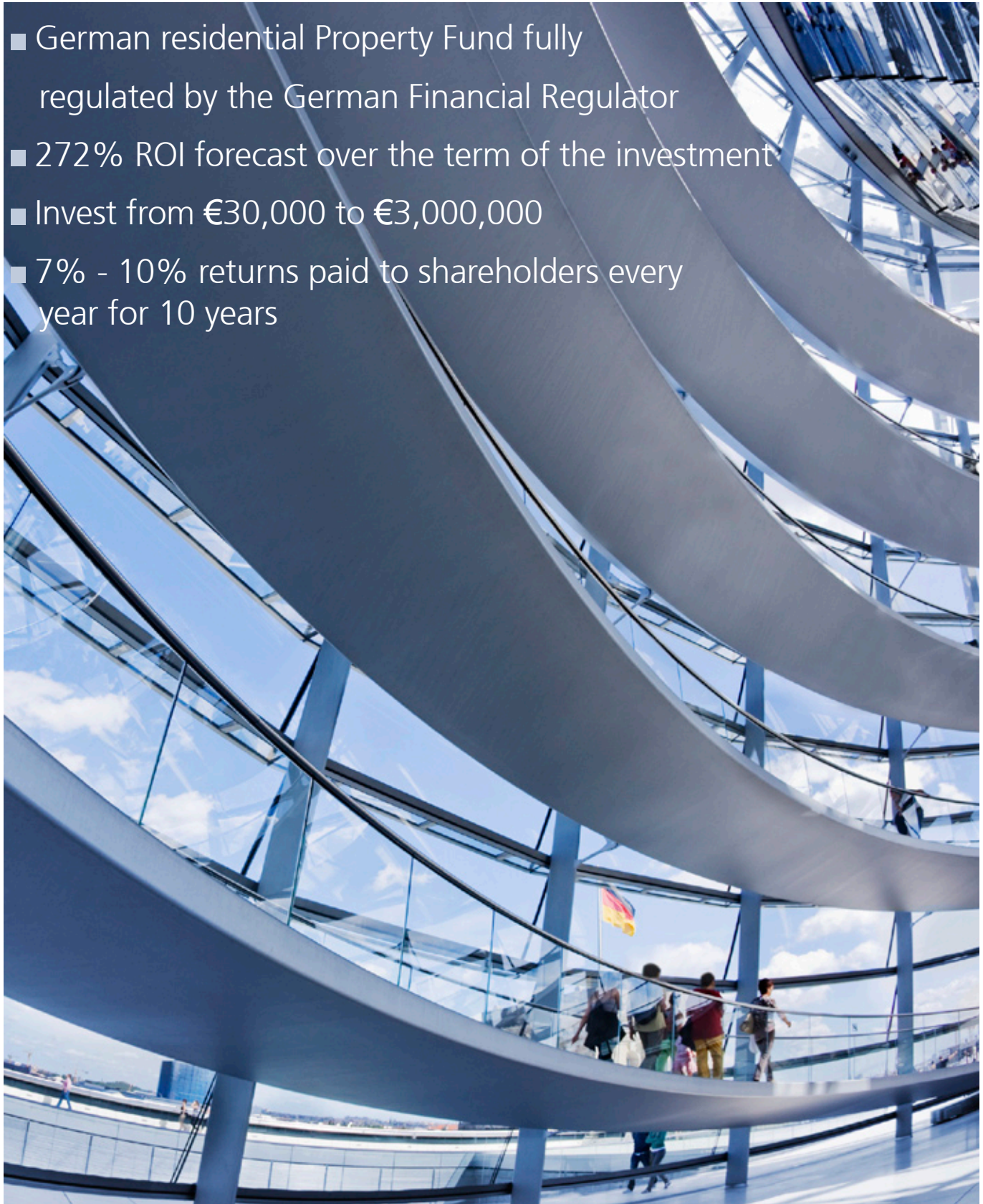
2. Profit from the sale of the portfolio: 100% Return on Equity

At the end of the holding period (10 years) the fund will sell all the properties in the portfolio. The profit generated from the sale of the properties will be paid to shareholders.

Price

Invest from as little as €30,000 up to €3,000,000 in increments of €1,000. Total private equity required for this fund is €10,000,000.

- German residential Property Fund fully regulated by the German Financial Regulator
- 272% ROI forecast over the term of the investment
- Invest from €30,000 to €3,000,000
- 7% - 10% returns paid to shareholders every year for 10 years



The Eurix Group

Eurix Property Services	Eurix Development	Eurix Management	ImmoRendix	Versix Financial Services	Funds PropFund
founded in 1996	founded in 2008	founded in 2002	founded in 2005	founded in 2002	founded in 2008
Sale of property International, Germany, Leasing	Property Development Residential-& commercial property	Property Management Housing-& Tenant- Management	Property-Acquisition & Resale	Financial Services, Insurance, Investments	Property Funds

Real estate experts in Berlin since 1996

For over 14 years, the Eurix Group has earned the reputation for service excellence that is unequalled in the industry in Berlin. We have remained true to our fundamental values of service, integrity and professionalism. These qualities continue to shape our firm and help us ensure that our clients' expectations are surpassed.

Marco Knoblauch, Fund Manager for Propfund Germany 1 GmbH & Co. KG says his Residential Fund launched earlier this year aims to use €10million in private equity and €20million in non-recourse German Bank financing to take advantage of some of the distressed property sales which are available in Berlin at present. "Propfund Germany" he says, "was launched during the recession because of the great potential to make profit when others are sleeping and waiting for better times for investments. The solid German regulated market place combined with the banks and the rental market gives us a very conservative fundamental for a highly secured investment with a lot of excellent exit strategies."

Since its foundation in 1996, Eurix has emerged as one of the market leaders in Real Estate, Property Management & Lettings in Berlin, Germany. The Group is made up of experienced multi-lingual staff, each of them expert

in either property investment, property management, lettings, renovations, finance or insurance.

In order to guarantee our clients an "all-round-service", each of our companies has developed a certain business area. Eurix Property Service, for example, specialises in selling and renting property. Eurix Property Services is responsible for purchasing, refurbishing and reselling residential and commercial property. Furthermore, Eurix Verwaltung, specializes in Property and Tenant Management.

Marco Knoblauch – Profile of the fund Manager



Marco is the founder and managing director of the Eurix Group of Companies. He has been involved in Real Estate in Germany since 1992. He is a registered and regulated financial advisor and has

set-up and managed 3 property funds previously for private investment groups. He is a member of the largest real estate association in Germany – IVD. Since 2004 he has acted as valuer and advisor to well known Fund Management Co's in the US assisting them with large real estate acquisitions in Germany.

EURIX Immobilienservice GmbH

Eurix Immobilienservice GmbH is one of Berlin's leading residential & commercial real estate agencies. Our business is based on exceeding client's expectations and offering an unparalleled service to buyers and sellers alike.



Residential Sales & Lettings:

Focused, results-driven sales and letting of classical, new build and resale homes in Berlin.

Commercial Sales & Lettings:

Office, retail, leisure and industrial property acquisition, disposal, usage and investment.

EURIX Development GmbH

Eurix Development GmbH is the general partner of Propfund Germany 1 GmbH & Co. KG and is the company responsible for the preparation, administration and management of the fund.

EURIX Management GmbH

We specialise in Property Management, Housing Management and Tenant Management. Our service also includes organizing and monitoring any repairs or maintenance-measurements of the property. Furthermore, we take care of maintaining and increasing the value of your property. This includes a technical inspection, detection of defects or receipt of claim's notifications from the tenant.

Additionally, we take care of any other work that has to be done when it comes to your property; we take care of the insurance, maintenance agreement, etc. We also look after your tenants. Our service includes finding new tenants, signing the rental agreement as well as managing and monitoring the tenant's accounts, including the invoicing process, charging and calculating running costs and establishing house rules. Furthermore, we are the contact point for the tenants, for whom we carry out any necessary correspondence.

We help our foreign investors with any language-barrier, by translating into English and sending them regular updates on every possible detail about their property.

ImmoRendix GmbH

ImmoRendix GmbH specialises in providing turnkey property



investment solutions to German IFA & Real Estate investor networks. The company specializes in acquiring properties at compulsory auctions, furnishing and renting the properties, obtaining preferential mortgages and selling individual units to German property investors with a company property management package.

VERSIX Financial Services GmbH & Co.

Founded in 2002, Versix is a fully regulated financial broker specialising in providing financial and investment advice to domestic and foreign clients.



Mortgages:

Whether you are a first time buyer planning to purchase your first property in Berlin or looking to restructure your mortgage, Versix Financial Services can help you. We liaise with all the main lending institutions to find you the best deal, we also look after all the paper work for you, and can explain each stage of the mortgage application process in English.

Insurance:

We compare the market of over 50 different providers to get you the best deal for your Home Insurance, Life Insurance, Health Insurance, Car Insurance, Income Protection Insurance, Public Liability Insurance, Car Insurance and Travel Insurance.

Investment:

Versix provides investment management advice and services for Property related investments in Berlin. We offer domestic and foreign investors a variety of consulting and investment management services directly.

Investment Portfolio

High Yielding and profitable residential portfolios

Over the next 12 months, Propfund will acquire over 500 properties in prime locations in Berlin and neighboring cities. The acquisition team have very strict criteria when sourcing suitable properties for our residential property fund. In order to generate a minimum of 272% return on equity for our shareholders, only profitable, self-financing properties can enter the fund:

- Minimum 8% rental yield
- Maximum pricing factor of 12.5
- Minimum 80% rental occupancy
- Minimum 7% annual profit on equity invested
- Minimum 70% loan to value mortgages

The acquisition team are in the final stages of negotiations to purchase the following portfolios. Each investment is being acquired directly from a bank or private syndicate as a distressed sale and exceed all the standards set down in our acquisition checklist.

Projects approved for Acquisition



48 Units - Beusselstrasse - Berlin (Charlottenburg)

Purchase Price:	€1,675,000 (Factor 11.22)
Current Rental Income:	€149,350
Rental Yield:	8.92%
Equity from Propfund:	€361,733
Annual Profit:	€32,369
Yield on Equity:	8.95%



74 units - centre portfolio - Brandenburg

Purchase Price:	€2,780,000 (Factor 10.11)
Current Rental Income:	€275,000
Rental Yield:	9.89%
Equity from Propfund:	€167,500
Annual Profit:	€43,763
Yield on Equity:	26.13%



6 units - Bahnhofstrasse - Berlin (Pankow)

Purchase Price:	€460,000 (Factor 11.44)
Current Rental Income:	€40,202
Rental Yield:	8.74%
Equity from Propfund:	€45,000
Annual Profit:	€8,181
Yield on Equity:	18.43%



31 Units - Igelweg - Michendorf (Potsdam)

Purchase Price:	€2,600,000 (Factor 10.77)
Current Rental Income:	€241,390
Rental Yield:	9.28%
Equity from Propfund:	€484,320
Annual Profit:	€60,016
Yield on Equity:	12.39%



65 units - Gross Ziethen - Berlin

Purchase Price:	€5,000,000 (Factor 10.3)
Current Rental Income:	€485,435
Rental Yield:	9.71%
Equity from Propfund:	€317,306
Annual Profit:	€86,140
Yield on Equity:	12.39%

Earnings forecast

Creating wealth for PropFund shareholders

Propfund is a German company that specializes in acquiring and managing portfolios of high yielding, distressed property in Berlin and neighboring cities. Our proven strategy is to generate significant wealth for our shareholders through a Rental based low risk hold strategy. Shareholders will receive Annual profits dividends and large Resale profit.

We have very strict rules laid out in our Investment prospectus to minimise the risk and maximise the returns from the fund. We focus on acquiring only profitable self financing portfolios that have a potential for capital growth and rental increases. We only acquire the best properties in Berlin and neighbouring cities at the lowest prices and highest rental yields to ensure that our clients can benefit from the highest returns from their property investment in Germany.

Financial, Acquisition & Exit strategies

1. Financial Strategy – High Leverage facility in place

30% Private shareholder equity = €10,000,000 required (€3,000,000 in Phase 1)

70% Preferential German bank financing – 10 year fixed interest rate

(Maximum leverage where possible and no exposure to fluctuating interest rates for 10 years)

2. Acquisition Strategy – strict criteria: below market value, self financing & profitable

Only purchase buildings which are currently generating a minimum of an 8% rental yield

Only below market value: Factor of 15 is a conservative current market value guide. We strictly acquire only distressed properties which are valued no more than 12.5 times the current annual rent, that's 20% – 30% below market value.

Properties have to be self financing and profitable – minimum 7%-10% profit on equity per annum

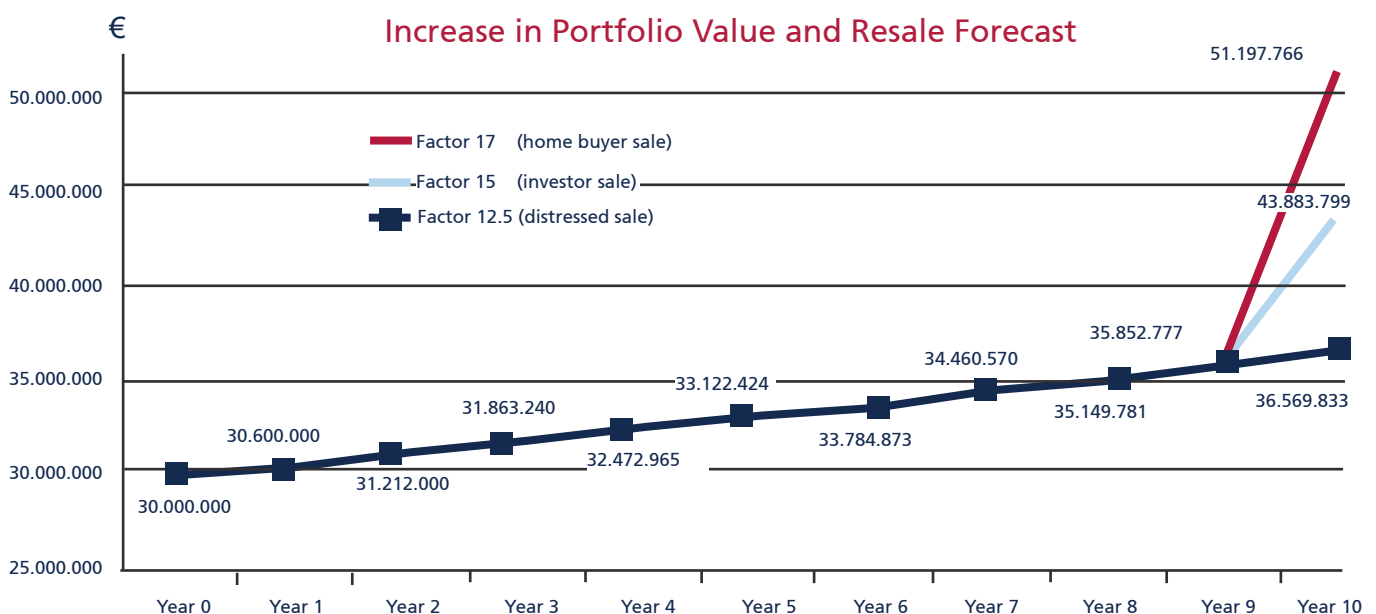
3. Hold & Exit Strategy – Creating shareholder wealth

5-10 year Hold strategy with multiple Exit options. Controlled capital appreciation: Increase the rent by 2% pa. (25% over the term of the hold period), than sell with no German capital gains tax after 10 years:

Sell for factor of 12.5 to another institutional investor – €6,500,000 profit share

Sell for a factor of 15 to private individual investors – €13,800,000 profit share

Sell for a factor of 17.5 to home owners – €21,000,000 profit share



Projected returns for Private equity shareholders

Over the period of 10 years, Shareholders can expect to earn a 272% return on their investment. Returns will be paid to shareholder each year. Returns are generated from:

1. Annual Profit dividends: 7%-10% per annum

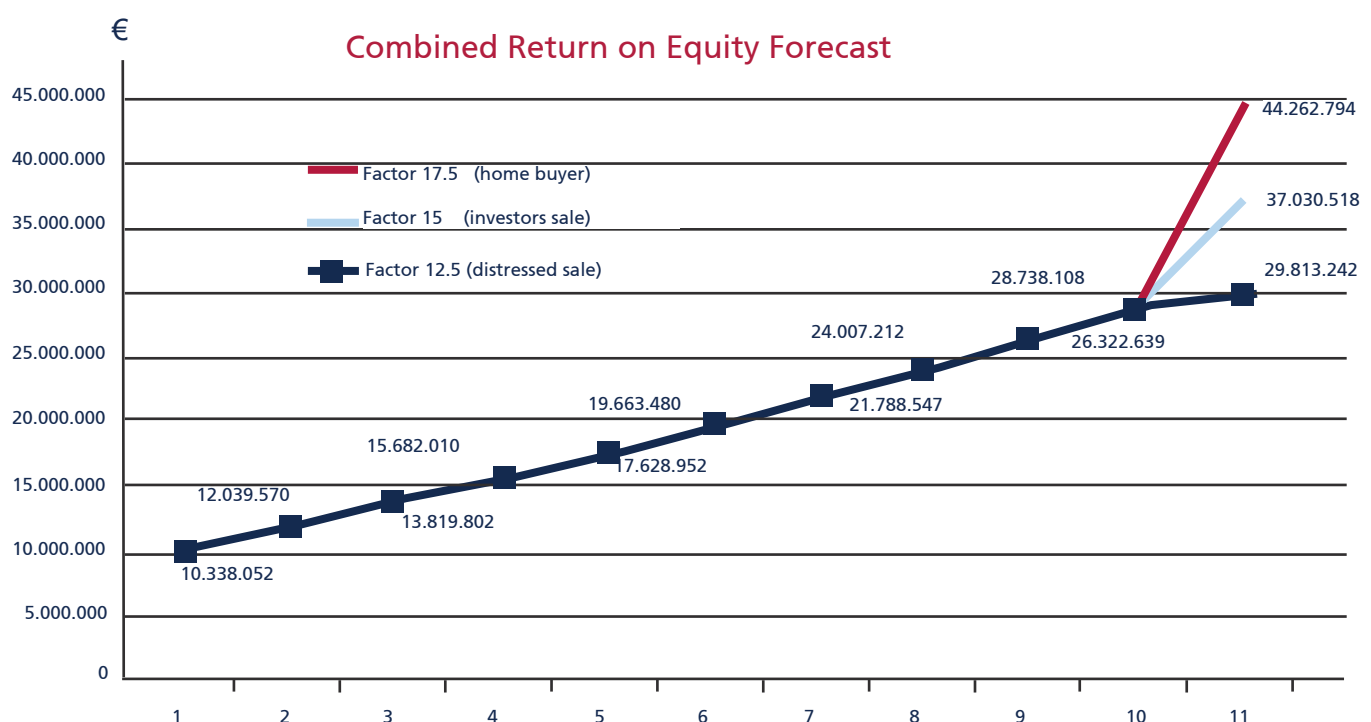
The cash surplus (or profit) from the rental income after paying the mortgage repayments, property management expenses and any other fees outlined in the business plan will be distributed to shareholders. This profit will be paid to each year as a % of their equity invested. Our fund managers are targeted to generate €700,000 to €1,000,000 in profits per annum which is equivalent to 7%-10% profit dividends based on the total amount of the equity invested.

2. Share of the sale of the Properties: 100% return on Equity

At the end of the holding period (10 years), the fund will sell all the properties in the portfolio. The profit generated from the sale of the properties will be paid

to all shareholders. There are 4 conditions to take into account when projecting the sale of the properties:

- Up to 20% of the initial mortgage amount will have been repaid creating more equity for shareholders
- The rent will have been increased by up to 25% increasing the value of the properties for rental based valuations.
- Berlin is forecast to experience a growth in its property values over the next 10 years as the Global economic conditions improves and property prices start to catch up with other major cities in Germany and around Europe
- Multiple target markets: we can sell to the next institutional investor at a factor of 12.5, to private German investors at a factor of 15 and to home owners at a factor of 17.5 ++. We have forecast only a 25% increase in the value of the properties and the option of selling at a factor of 12.5 to ensure that we can confidently achieve the targets outlined in our business plan but we expect to achieve higher returns over the 10 year period.



Equity Forecast

Equity Investment

- Minimum 8% rental yield
- Maximum pricing factor of 12.5 (20% BMV)
- Minimum 70% ltv mortgages - fixed interest rate

Investment Details	
Equity invested:	€10,000,000
Premium (Agio):	€0
Total Investment:	€10,000,000
Property Assets:	€25,616,700
Investment Period:	10 years

Hold Strategy	
Rental income pa:	€2,476,800
Expenses:	- €547,700
Interest:	- €989,800
Loan repayment:	- €232,200
Annual Profit:	€707,000
Dividend Payment:	€707,000 (7.07%)
Annual Dividend Target:	€1,000,000 pa (10%)

Exit Strategy	
Purchase Price:	€25,666,600
Sales Price:	€36,161,300
Difference:	€10,494,700
Original mortgage:	€20,452,400
Closure mortgage:	€17,358,900
Difference:	€3,093,500
Cash reserve:	€1,638,400
Equity less costs:	€5,214,200
Shareholder equity in yr.10:	€20,440,800
Fund Manager profit share:	€2,044,000
Equity return in year 10:	€18,396,800 (184%)
Annual Payout (10 yrs):	€8,812,300 (avg €881,230 pa)
Total shareholder Returns:	€27,209,100 (272%)

How can we out perform?

- By purchasing at factors of 10 or 11
- By purchasing with yields of 9% or 10%
- By obtaining mortgages with ltv s of 80% or 90%

- Minimum 80% rental occupancy
- Minimum 7% annual profit on equity invested
- Annual rental increase of 2% (23% over 10 yrs.)

Investment Details	
Equity invested:	€50,000
Premium (Agio):	€0
Total Investment:	€50,000
Property Assets:	€128,083
Investment Period:	10 years

Hold Strategy	
Rental income pa:	€12,384
Expenses:	- €2,738
Interest:	- €4,949
Loan repayment:	- €1,161
Annual Profit:	€3,535
Dividend Payment:	€3,535 (7.07%)
Annual Dividend Target:	€5,000 pa (10%)

Exit Strategy	
Purchase Price:	€128,333
Sales Price:	€180,806
Difference:	€52,273
Original mortgage:	€102,262
Closure mortgage:	€86,794
Difference:	€15,467
Cash reserve:	€8,192
Equity less costs:	€26,071
Shareholder equity in yr.10:	€102,204
Fund Manager profit share:	€10,220
Equity return in year 10:	€91,984 (184%)
Annual Payout (10 yrs):	€44,061 (avg €4,406 pa)
Total shareholder Returns:	€136,045 (272%)

- By generating more than 7% - 10% profit pa
- By increasing the rental income by more than 2% pa
- By selling the properties at a higher factor than 12.5

Equity Investment ...continued

Investment Details	
Equity invested:	€100,000
Premium (Agio):	€0
Total Investment:	€100,000
Property Assets:	€256,167
Investment Period:	10 years
Hold Strategy	
Rental income pa:	€24,768
Expenses:	- €5,477
Interest:	- €9,898
Loan repayment:	- €2,322
Annual Profit:	€7,070
Dividend Payment:	€7,070 (7.07%)
Annual Dividend Target:	€10,000 pa (10%)
Exit Strategy	
Purchase Price:	€256,666
Sales Price:	€361,613
Difference:	€104,947
Original mortgage:	€204,524
Closure mortgage:	€173,589
Difference:	€30,935
Cash reserve:	€16,384
Equity less costs:	€52,142
Shareholder equity in yr.10:	€204,408
Fund Manager profit share:	€20,440
Equity return in year 10:	€183,968 (184%)
Annual Payout (10 yrs):	€88,123 (avg €8,812 pa)
Total shareholder Returns:	€272,091 (272%)

Investment Details	
Equity invested:	€150,000
Premium (Agio):	€0
Total Investment:	€150,000
Property Assets:	€384,249
Investment Period:	10 years
Hold Strategy	
Rental income pa:	€37,152
Expenses:	- €8,214
Interest:	- €14,847
Loan repayment:	- €3,483
Annual Profit:	€10,605
Dividend Payment:	€10,605 (7.07%)
Annual Dividend Target:	€15,000 pa (10%)
Exit Strategy	
Purchase Price:	€384,999
Sales Price:	€542,418
Difference:	€156,819
Original mortgage:	€306,786
Closure mortgage:	€260,382
Difference:	€56,401
Cash reserve:	€24,576
Equity less costs:	€78,213
Shareholder equity in yr.10:	€306,612
Fund Manager profit share:	€30,660
Equity return in year 10:	€275,952 (184%)
Annual Payout (10 yrs):	€132,186 (avg €13,218 pa)
Total shareholder Returns:	€408,135 (272%)

PropFund Germany 1 GmbH & Co. KG is fully regulated by the German Federal Financial Authority (Bafin).

Past performance is not a reliable guide to future performance.
The value of your investment may go down as well as up.

Management Team & Partners



Marco Knoblauch
Fund Manager



Rouven Zinke
Acquisition



Denise Haupt
Administration



David Healy
Marketing

Role of the Management team

1. Structuring the fund

- 18 months research and development
- Setting up the company
- Writing a shareholder agreement – investment prospectus
- Obtaining BaFin regulation for the fund

2. Raising Equity

- Promoting the fund nationally & internationally
- Managing direct enquiries and developing relationships with IFA's
- Presenting the fund on "Equity Raising" roadshows & seminars

3. Property acquisition

- Sourcing, negotiating and purchasing all properties into the portfolio.
- Arranging bank financing, checking all tenancy agreement and structural reports
Obtaining approval from shareholders for acquiring property
- Registering all property acquisitions to Propfund

4. Managing the Fund

- Overseeing all rental management and property management functions
- Management of the finances of the company on behalf of the shareholders

- Preparing quarterly accounts and annual performance reports – regular communication with shareholders
- Improving the profitability of the fund through proactive management of the portfolio

5. Selling the Fund

- Responsible for selling the individual units or the entire portfolio
- Dispersing the profits of the fund
- Closing the fund

Tax & accounting consultant

Commerzial Treuhand GmbH specialises in accounting and tax consulting. With offices in Berlin, Rostock, Oldenburg and Cloppenburg, they can advise you on every legal question concerning your investment. With over 100 employees and many years of experience within this sector, the CT company is your reliable and professional partner for any legal questions. Check their website on www.ct-gruppe.de



Fully regulated by the German Financial Regulator, BaFin

As a sign of confidence Propfund Germany has been vetted and approved by the German Financial Regulator (BaFin) and we have committed ourselves to the highest levels of industry regulation. Due to our finance, acquisition and exit strategy we believe that Propfund is one of the lowest risk, highest return investments on the market today.

- **Fully Regulated:** Propfund is fully regulated by BaFin the German Financial Regulator.
- **Trustee:** German based trustee structure in place for foreign shareholders with complete transparent paperwork always available on request.
- **Investment Prospectus:** A very detailed 64 page Investment prospectus has been prepared outlining the risks and rules for investing and managing the fund.
- **Customer Care staff:** English speaking dedicated customer care division has been established.
- **Research:** 18 months – research and planning prior to launching the fund



Application Process

Becoming a shareholder in Propfund Germany is simple

We have endeavoured to simplify the process to allow foreign investors to participate in the fund and take advantage of this great investment opportunity. Read the steps below and if you have any questions, please don't hesitate to contact our English speaking staff on +49 30 499050950, who can guide you through the process in a matter of moments.

- 1** Read a copy of the investment prospectus. Decide the amount of equity you would like to invest.
- 2** Complete a Power of Attorney document and send by fax/email to the Trustee, with the original sent by post.
- 3** Trustee signs the Declaration of Accession on behalf of the investor, which is the application form to become a partner in the fund.

- 4** Fund manager accepts the Declaration of Accession and approves the signatures
- 5** 1 copy of the Declaration of Accession is sent by post to the investor along with a German and English version of the investment prospectus and a welcome letter with useful information such as No. of Shares, Internal Reference number, Bank account etc.
- 6** Once documents have been received the investor has 14 days to transfer funds to the Propfund bank account.
- 7** Receipt of the funds is confirmed first by email. Once the 14 days "cooling off" period has been completed, confirmation of receipt of funds along with a share certificate is sent to the investor by post and the process is now complete.



Why Germany?

Europe's leading economic engine with the 3rd largest economy in the world

With a population of over 82 million, Germany is the largest country in the European Union. A labour force of almost 39 million, including four million entrepreneurs, make the country the continent's largest economy, with a gross domestic product of around 2.2 trillion euros. The German economy is characterized by small and medium-sized enterprises, which make up 85 percent of all companies. As a result, the economy is particularly flexible, varied, and competitive. Many highly specialized companies enjoy a leading position on world markets, because research and development is particularly fostered in the SME sector. By quickly implementing innovations, companies are able to secure their leading roles in their fields.

However, Germany is also home to many large, international companies. The economy is traditionally strong in mechanical engineering, the automotive

industry, aerospace, logistics, and the pharmaceutical and chemical industry. German companies also lead the field in new technologies such as the IT/ ICT sector, nanotechnology, optoelectronics, medical technology, renewable energies, and biotechnology. In the new technology sectors, Germany not only provides a good infrastructure but also offers a large network of suppliers, particularly in the various industry-specific cluster regions. The transition from an industrial society to an information society has long since been made in Germany.



What's in the Press

THE SUNDAY BUSINESS POST
IRELAND'S FINANCIAL, POLITICAL AND ECONOMIC NEWSPAPER

Germany may offer chance of stable growth

13 June 2010

Germany has not been as badly affected by the downturn as its European counterparts and may be one of the overseas investment locations now of interest to risk averse investors. The country has been attracting Irish investors for some years, but its economy did not see as huge an influx of foreign investment as other European countries during the boom years. Most smaller investors neglected Germany in favour of eastern European countries - such as Poland, Bulgaria and Turkey - and pinned their hopes on promises of double digit capital appreciation. Some more savvy investors chose Berlin and are likely to stick with it. Its population prefers to rent and so there's a ready supply of good tenants. The country has suffered in the recession, but its property prices have decreased by only a limited amount. Buyers considering investing, in particular those taking a long term view of between five and ten years, should

The New York Times
Expect the World®

Berlin Real estate holding firm

Dec 2009

In the years after the fall of Berlin Wall and German reunification, Berlin was the first beneficiary of European integration when it came to real estate. Twenty years later, average values in Berlin are still considerably lower than those in Paris or London, but the wide gap in prices of comparable luxury units is finally starting to narrow. And, according to Anne Riney, an agent with Engel & Völkers real estate, the top end of Berlin's residential market has been holding firm despite the global downturn, thanks to strong interest from buyers in the Far East, Russia and the United States, as well as the European Union, including Germans. Berlin and are likely to stick with it.

PROPERTY WIRE
Premier global property news service

"German residential property tipped as best long term, low risk bet" (2/2009)

Bloomberg Businessweek

"German Unemployment Falls Twice as Much as Forecast" (6/2010)

GLOBAL PROPERTY GUIDE

"Surprise house price increase in Germany" (2/2009)

FINANCIAL TIMES

"German business confidence bucks European crisis trend" (6/2010)

Why Germany?



Germany's housing market registers price growth in April 2010

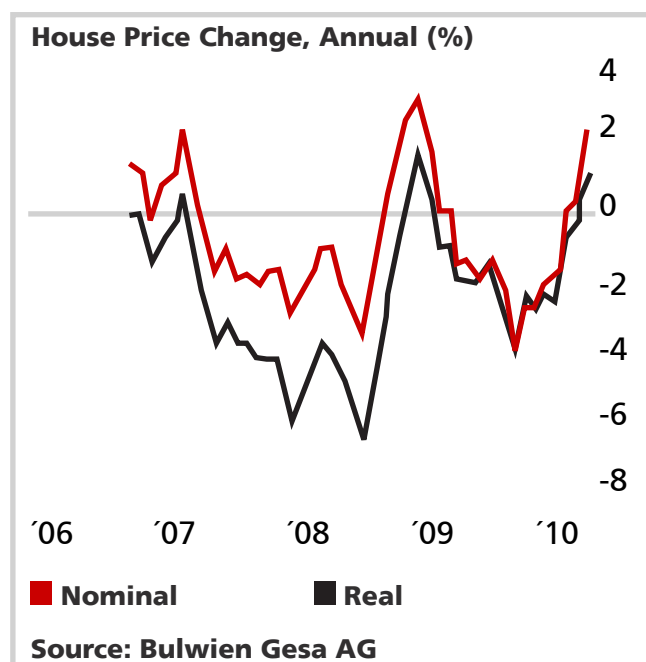
Germany remains the world's most stable housing market and continues to show positive signs during the first few months of 2010. In April, the average price of apartments was €134,000. It had increased by 2.7% compared to the same month last year, according to Hypoport AG, a leading financial services portal.

The price of single-family houses also posted positive annual growth rates. The average price of existing houses was €170,000 in April, up by 1.8% from a year earlier. The price of new houses was €230,000, up by 1.1% over the same period.

Germany's residential real estate prices declined during the first half of 2009, before posting marginal gains in the second half. The continued ascent of prices in the first few months of 2010 was largely due to government support, rising mortgages and economic growth caused by the revival of exports.

Despite the increases, prices of existing apartments and houses in 2010 are still below their 2005 levels. Nevertheless, any price increase in Germany can be treated as a surprise.

Germany is Europe's number one location for research and is backed by €5 billion annual federal funds helping to make Germany the world leader in innovation. It is this commitment which also makes Germany, Europe's leading patent applicant and the leading global force in high-tech solutions.





Rhine River in Cologne with St. Martins Church, Cologne Cathedral and Hohenzollern Bridge

A lacklustre performance seemed to be a permanent feature of Germany's housing market. With a massive oversupply of flats in Western Germany and a population not obsessed with ownership, it missed the massive house price boom that swept across Europe and developed countries from 2000 to 2006.

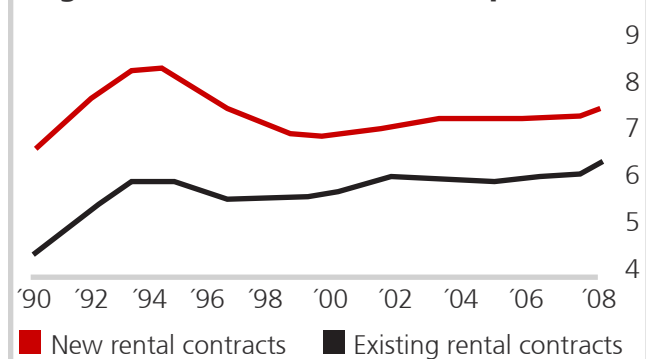
Rental yields up

Another drag on Germany's housing market is people's preference for rental housing. Most Germans live in rented accommodation. Although the proportion of renters to total households slightly dropped from 58% in 1990, to 55% in 2004, this rate is still among the highest in the world. Private landlords own about 46% of the housing stock, social housing accounts for 6%, and co-operative rentals are around 6%.

Monthly rents rose an average of 3.2% in 2008 on new contracts, to €7.65 per sq. m., while existing contract rents rose 3%, to €6.44 per sq. m., according to Bulwien Gesa.

Rent increases have outpaced real estate prices since 2000, leading to slightly higher yields.

Avg. Rent of Residential Units €/sq. m/mth.



Source: Bulwien Gesa AG

Rents for existing contracts rose 8.4%, while rents for new contracts rose 7.8%, between 2000 and 2008. Over the same period, owner-occupied house prices rose only 4.5%, while the average price of terraced houses fell by 13.8%.

Rental yields on smaller flats are generally higher than bigger units, according to Global Property Guide research. In Berlin, rental yields for 30 – 60 sq. m. flats range from 5.4% - 6%, while bigger units (90 sq. m. – 250 sq. m.) have yields of 4.3% to 4.8%. In Frankfurt, rental yields for small units are at 5.6% - 6.6%, higher

Why Germany?



Marienplatz, Munich

Munich - the strongest economic area in Germany

Munich has the strongest economy of any German city as well as the lowest unemployment level (5.6%); it is the economic centre for Southern Germany. It is considered a global city and International companies such as Siemens AG, BMW, MAN AG, Linde, Allianz Insurance and Munich Re all have their headquarters located here. 'Capital' magazine ranked Munich as having the best economic prospects between 2002

Frankfurt - Germany's financial centre

With a population of approximately 5 million, Frankfurt Main is, after Munich, the second largest economic area in Germany. The region encompasses parts of three federal states and is one of the most dynamic and best performing regions in Europe.

Germany's largest companies, such as Lufthansa and Deutsche Bank have their headquarters in Frankfurt. The airport is also the largest in Germany, the third largest

in Europe and the eighth largest in the world. Frankfurt Main attracts both leisure and business travellers, offering a diverse range of cultural and leisure activities as well as being a successful business centre.



Frankfurt Main Airport



Reichstag, Berlin

Berlin - Germany's capital and the third most visited destination in the EU

Berlin is the capital of the Federal Republic of Germany and is a major centre for culture, politics, media and science. Its economy is primarily based on the service sector, encompassing a diverse range of creative industries, media corporations, environmental services and convention venues. The city serves as a continental hub for air and rail transport and is the third most visited

and 2011. Munich has a population of more than one million inhabitants who were recorded to have the highest purchasing power (€26,648 per inhabitant) in 2007 in comparison to other German cities with more than 500,000 inhabitants. In 2006, Munich blue collar workers enjoyed an average hourly wage of €18.62.

Munich is a significant financial centre (only second to Frankfurt) and is the home of Hypo Vereinsbank and the Bayerische Landesbank. Munich also houses large insurance companies such as Allianz and Munich Re.



Frankfurt river

destination in the EU. Other important industries in Berlin include traffic engineering, optoelectronics, information technology, vehicle manufacturing, biomedical engineering and biotechnology.

The city is recognised for its festivals, diverse architecture, contemporary arts and a high quality of life. Berlin has world renowned universities and has evolved into a global focal point for young individuals and artists. Berlin's urban landscape and historical legacy have made it a popular setting for international film productions.



Hamburg river front

Hamburg - booming economic powers and Europe's second largest seaport

Hamburg is one of the most productive regions in Germany and its main sectors (tourism, aircraft and logistics) are currently booming and are of great international importance.

The aircraft industry in Hamburg is the world's third largest aircraft centre after Seattle and Toulouse. The port and logistic sector already provides more than 160,000 direct and indirect jobs and is continually growing. Hamburg's port is Europe's second largest seaport with a traffic volume of 10 million brands in 2008 and since 2000 the container traffic has doubled giving Hamburg the 9th highest shipping volume in the world.



Hamburg Port

Rental Market

Press about the German market

The most influential German newspapers are currently reporting about the huge potential of the German property market.

**Frankfurter Allgemeine Zeitung, FAZ.net,
03rd March, 2008**

"In the opinion of real estate investors, Germany will be in 2008 the top-investment spot in comparison within Europe: 90 percent of the investors think that Germany is a very robust and attractive property market."

According to the "Financial Times" in Germany, on the 23rd of June in 2008

"The persistent insecurity of the finance markets is the principal reason for the fact that professional investors rush to purchase real estate. "...46 percent of the questioned investors want to increase their real estate portfolio within the coming twelve months (Survey of the Rating FTD/Feri)"

Tenancy rate in Europe

SPA	14.5%
IRL	17,7%
ITA	24,6%
UK	29.5%
FRA	37,5%
NL	45.0%
GER	57,4%

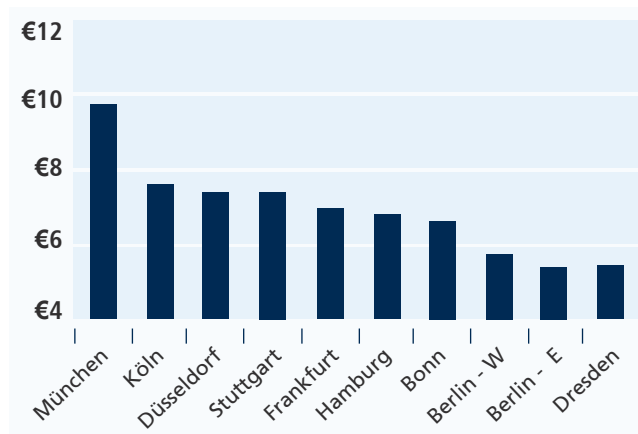
Source: (Data in Percent; Source: Housing Statistics in the EU 2006)

Rental market: demand outstrips supply

Germans do not own property, they rent it. The rental market is directly linked to the flexibility of employees

and due to fierce international business competition, this trend is set to increase. Employees are very flexible and often relocate if their position requires, therefore renting is a more popular option to ownership.

Germany - Rental Index (Monthly Euro / sqm)



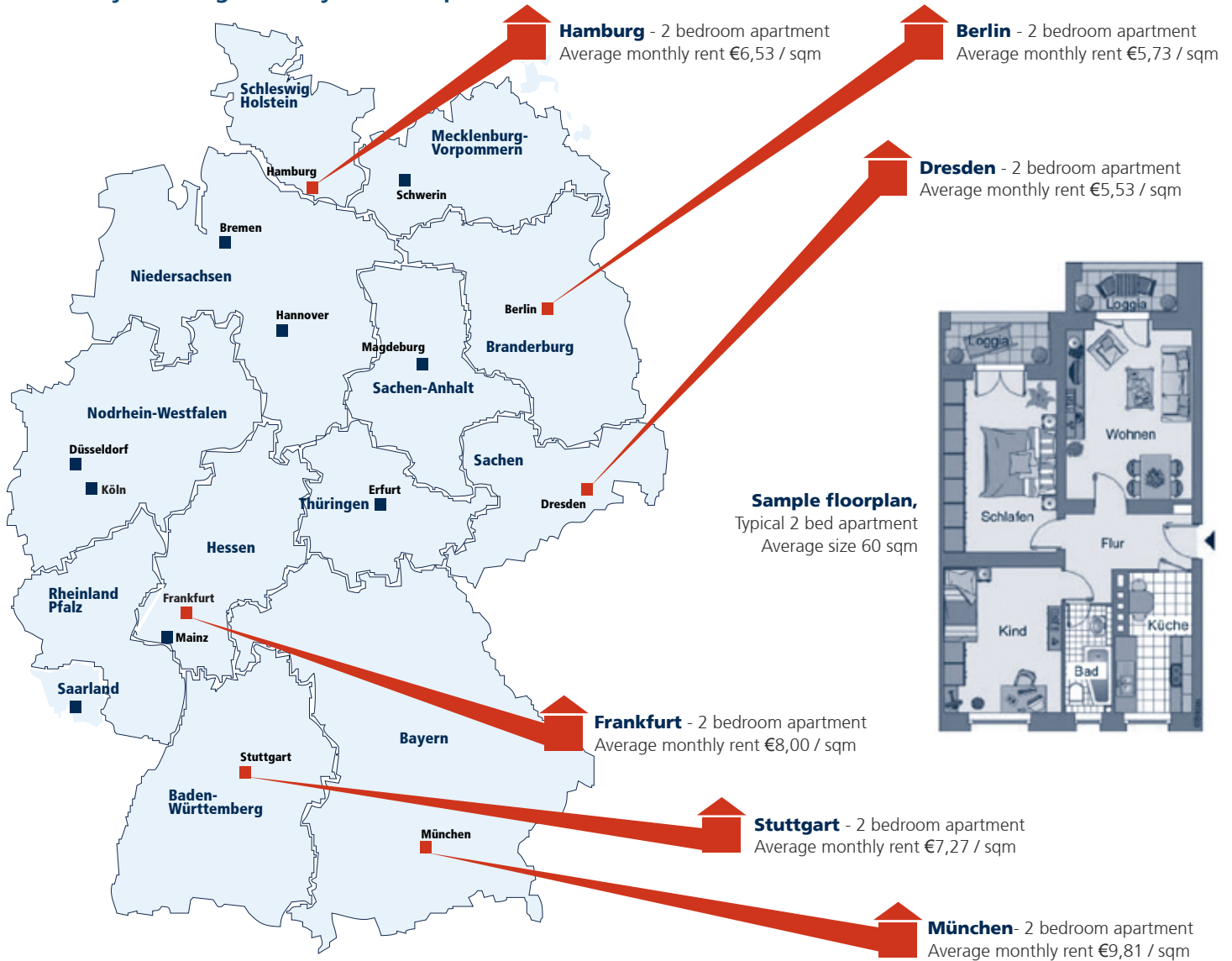
Source: (Mietspiegel Index - Rent Index) 2009;

The rental trend is increasing and outstripping the supply, the construction of new developments are not able to keep up with the growing demand, especially in areas with high population density. Single households are also increasing, therefore adding to the lack of rentable properties further.

Due to the diminishing supply of rentable properties, rentals yields will increase. In the first quarter of 2008, rentals in Germany have already increased by an average of 1.6% and will, according to experts, increase an additional 3% in 2009. According to the analyst, Feri Rating & Research, the annual performance in Germany's top five locations (Berlin, Munich, Hamburg, Frankfurt and Cologne) will be 8% in the following 10 years. Cities in Eastern Germany (Dresden and Magdeburg) are also expected to see a considerable rental increase as the current average rental income is less than 5.91 per square meter.

Due to the willingness of the Germans to relocate if

Germany - Average Montly Rent €/sqm

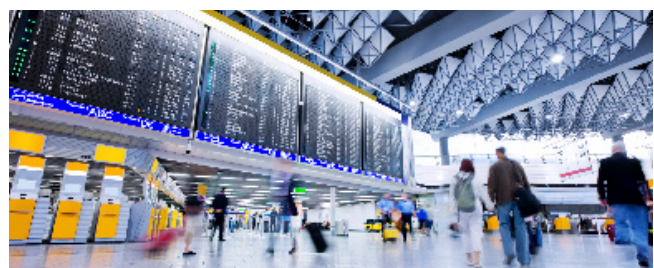


Source: www.eurix.de

the job requires it, the increase in single households, a lack of new developments especially in areas with high population density, the rent in Germany will increase in the years to come and therefore investing in this sector will be very profitable.

The solid German culture to rent is not likely to change significantly during the term of the fund. We expect rents to increase steadily in Berlin over the 10 year period

and a constant demand for rental property in Berlin and other major cities in Germany.



FAQs

Goldenbird 'Goldelse', Berlin



Frequently Asked Questions:

1) What kind of fund is the PropFund?

It is a blind-pool fund. The fund aims to use €10million in private equity and €20million in non-recourse German Bank financing to take advantage of some of the distressed property sales which are available in Berlin at present.

2) What are the criteria for purchasing real estate for the PropFund?

- The property has to be located within a well established city with a minimum of 50,000 inhabitants.
- The fund will include residential and commercial properties with at least 5 units.

- The maximum investment volume per building is €3 million.
- Purchasing factor of the building must be 12.5 or lower.
- The current occupancy rate (of the purchased building) should be at least 75%.

3) Who will be the representative of the Investors within this company?

The investors participate in the PropFund company through a trustee limited partner. The intervention of a trustee limited partner is, according to many investors, a comfortable and hassle-free solution.

4) How are the profits of the Investment distributed?

The gained profits of the society will be distributed to the investors of the PropFund company at the end of the Investment window (2020).

5) How much are the dividend distributions?

Once the fund is placed, all investors will receive an annual dividend profit of 7.0%, which will increase during the course of the investment to an expected 10.01% (2020).

6) Is the PropFund Germany a safe Investment?

The fund is regulated by the German Federal Financial Supervisory Authority (BaFin) and therefore abides by the strict criteria required by the regulator.

Additionally, the acquisition, rental and resale of the fund will be managed by a professional and experienced German team. We are confident that the portfolio will be rented out as the future demand for rentals is likely to far exceed supply. Many German newspapers and experts are reporting of the forecasted increase in the German property market which has a huge potential for growth over the 10 year investment period.

7) Why should I invest in Germany?

Germany is Europe's leading economy, it has the highest productivity rate in the world, excellent infrastructure and legal framework. It offers security alongside great potential as the real estate market is undervalued and the influx of investors capitalising on this will increase the value of the market. The government want to attract international investors and offer incentives and competitive tax structures.

8) If I wish to exit in 5 years, can it be done and what % penalties will be applied?

Yes, you can sell your shares at anytime. If you sell your shares privately yourself then there is no penalty or charge for transfer of ownership. Propfund will provide an internal resale service to all shareholders. Your shares will be independently valued and you would receive 90% of the new value of the shares less the costs of the valuation.

9) Will I need to pay tax in Germany?

The objective of the fund is to generate a profit from the rental income on a yearly basis which will be paid to shareholders as a dividend payment each year. The profit will be declared on an annual basis as a taxable income for each shareholder. Based on this final taxable income the shareholder, regardless of whether he is an individual, a company or a pension scheme, has to pay tax in Germany beginning from 25% increasing to 43% should he get more than 100,000 Euro annual profits.

There is a double taxation agreement between Germany and many European countries which says, where the company or the property is based, the tax return has to be done. But all the taxes a foreigner has paid in Germany will be considered in the tax report in their home country. The tax payable in their home country will be reduced by the amount he paid in Germany.

After closing the fund after 10 years, there is no German tax applicable to the capital gain on the shares

in Germany, but the taxation law in the home country will have the final status and even if Germany demands no tax, capital gains tax will be applicable in the home country.

10) Is there any liability to the shareholder beyond the amount invested?

The fund cannot at anytime legally demand shareholders to invest more money than the original equity invested. Propfund does not forecast to call for further equity from the shareholders but if a situation arises where this is required, then a shareholders meeting would be called, but there is no liability, no legal requirement or recourse to shareholders in this fund requiring them to invest any additional equity into the fund.

11) To which account do I transfer the Investment amount to?

The payment transfer is made to the PropFund limited partnership account by request of the management. This account is used to make all payments to and from the PropFund society. No other institutions are allowed to sell shares of this company.



Disclaimer: This information serves only as an announcement of the closed property fund PropFund Germany limited company and is NOT a public offer according to German law, § 9 (VerkProspG) for a sales prospectus. This document has been produced from known data and information and is accurate to the best of our knowledge. Any decision to invest should be made only after careful consideration of the investment prospectus which was published on the 4th of December 2008.

Notes

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Version 1.3

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