

"Berlin Property - A City on the Rise!"

Berlin is one of Europe's most vibrant, multi-cultural and fastest growing cities. The development of both rental and purchase prices has steadily been climbing in Berlin for the past few years. This strong upward trend is expected to continue due to low supply and high demand.

Currently only about 4,000 new apartments are built a year in Berlin, a city which receives 40,000 new residents a year. By 2015 it is forecast that there will be a housing deficit of 50,000 units.

Taking into account that the re-sale of a property after a 10 year holding period allows for an exemption from capital gains in Germany. A conservative model, which takes advantage of financing opportunities, predicts a double of the investment capital over the duration of the investment period.

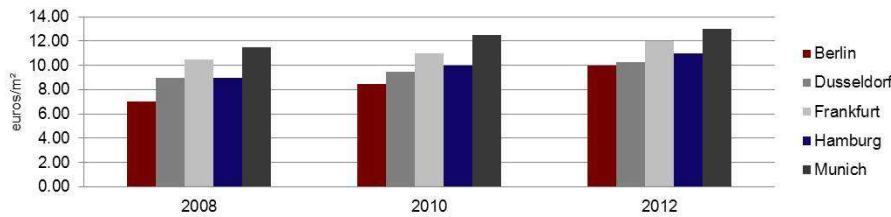


OPPORTUNITY

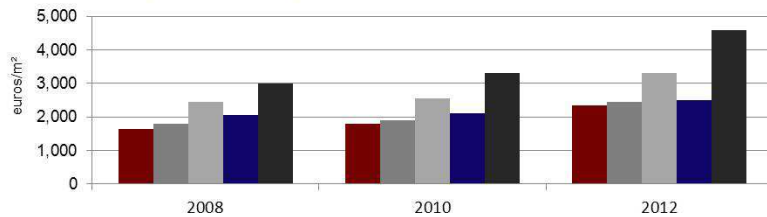
Capital Gain - The market price for vacant apartments in the immediate vicinity of Prenzlauer Berg surpasses 4,000 EUR/SqM. Capital. Rented out apartments in a radius of 500 meters from the property are marketed for 3,000 EUR/SqM.

Property price appreciation in Berlin-Mitte (2006-2012)			
Acquisition Year	Average value per m ² at time of acquisition	Accumulated appreciation since 2006	Appreciation every 2 years
2006	€ 2 220		
2008	€ 2 580	+16,22%	+16,22%
2010	€ 2 610	+17,57%	+1,35 %
2012	€ 3 450	+55,41%	+37,84%

Rental Price development



Purchase price development



Source: Own calculation, Jones Lang LaSalle, CBRE

Rent Potential - The increasingly high demand for properties in the area caused an upward trend in rental prices; within a radius of 500 meters from the property new rental contracts reach 10 – 12.5 EUR/SqM. According to the data published by CBRE, new leases in the area's top rental segment stand at 15.2 EUR/SqM. The strong demand for apartments in the area creates a high level of security, ensuring future re-rental and increased yields.

Low Entry Point – There are property offers at a range of apartment sizes and financing options. This means investors could own a property for as little as 45,000 EUR.



THE LOCATION

Prenzlauer Berg is a centrally located neighbourhood in Berlin, adjacent to Mitte. It is one of the most popular and expensive places to live in the city, especially with young affluent people. There is a large number of restaurants, coffee shops, galleries, pubs and boutique stores, which help to create a unique lifestyle characteristic.

The property is located right next to the entrance of the famous Mauer Park, which hosts a vibrant array of cultural happenings during the summer months. In the area of the park just adjacent to the building there is a charming animal farm, ideal for children, and on the other side the green Falk Platz.

The popular street Schonhauser Allee is situated just 5 minutes walk from the building, with S-Bahn and U-Bahn metro stations and the Schonhauser Arkaden shopping mall. Fashion buffs will be happy to hear that Zalando's headquarters are situated just around the corner from the property.

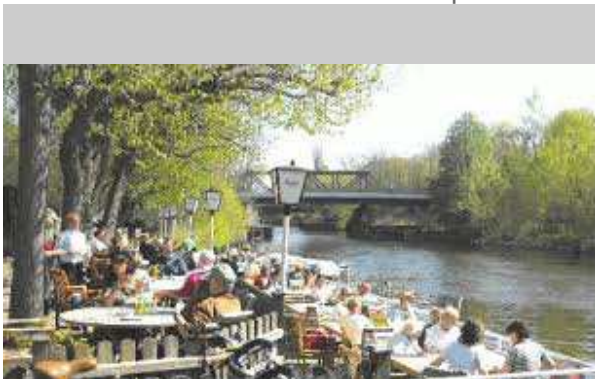


Property management

Properties are managed e.g. as in-house management company, and with customer support unit. Unlike most local German management companies, some expert offer complete customer support in English, including monthly updates concerning the investment.

Annual tax filing

An annual tax filing is required by investors by German Law. Filing is performed through affiliate CPA office. The tax filing includes income from rent or sale of one or more apartments.



Next friday blog is "Property in Düsseldorf"