

PRAGUE PRIME HOMES



PARTICIPATION MODEL – PECHACKOVA 3, PRAGUE 5

**Real estate investment with a short-term investment horizon
and an attractive return potential.**

WHY INVEST IN REAL ESTATE IN PRAGUE?

CZECH REPUBLIC AS STABLE MARKET

The Czech Republic is one of the largest, and at the same time one of the most stable markets in new Europe: Since accession to the EU the Czech Republic could exhibit over the years a stronger economic growth than many countries in Western Europe. After an interruption of this growth due to the economic crisis, the Czech Republic observed in 2010/11 again a higher growth than some of its neighbours. For the coming years growth is expected to outperform the EU average again.

At the same time the Czech Republic has a much lower debt level than other European countries: The external debt in the Czech Republic is about 50 % of GDP – in the EU average the external debt is about 80%. The inflation rate in the Czech Republic is currently around 2 % - and is thereby lower than in most other countries in “New Europe”.

PRAGUE – A FINANCIAL AND ECONOMIC CENTRE IN CENTRAL EUROPE

Prague is the financial- and economic centre in the Czech Republic: About 2,3 million people in the catchment area of Prague – more than 20 % of the total population in the Czech Republic. With an unemployment rate under 3 %, the employment rate in Prague is not only higher than in the Czech Republic, it is also higher than in many other cities in Europe.

WHY INVEST IN REAL ESTATE IN PRAGUE?

ATTRACTIVE MARKET CONDITIONS FOR REAL ESTATE INVESTMENTS

Prague offers also attractive conditions for real estate investments: Prices for real estate in Prague are still lower than real estate prices in other European cities but given the stable economic and political development in the past almost 20 years it is expected that prices will catch up with the levels in other cities in Europe. Currently, the yields for residential real estate in Prague are about 4,5 % to 6,5% depending on the location and condition of the property. This offers not only attractive revenue opportunities from rental income or profits from the refurbishment of properties, but also additional appreciation potential if the prices catch up with the level in other cities in Europe.

Prague Prime Homes offers investors the opportunity, to become a co-owner of a selected apartment building in the exciting city of Prague. Investors participate not only in the profit from the re-development of the apartment building, but also on a possible value appreciation upon the sale of the property.

FAVOURABLE TAX SYSTEM

Another advantage is the currently attractive tax system in the Czech Republic: The Czech Republic has a flat tax rate of currently 19% for companies or 15% for individuals. Depending on the structure of the individual investments investors may take advantage of the double-tax treaty between the Czech Republic and Austria .

REAL ESTATE INVESTMENT IN PRAGUE 5

PROJECT OVERVIEW

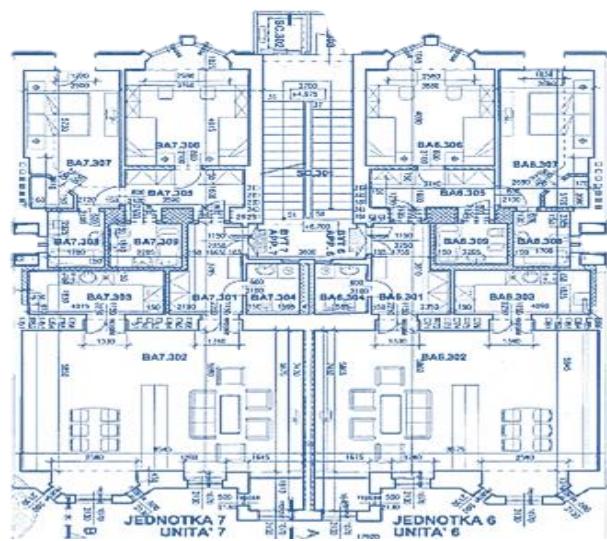
The project Pechackova is a neoclassical 5 storey building with a net area of around 2,000 sqm in Pechackova street no. 3 in Prague 5 located only a one minute walk to the river. The building will be acquired in the current state, Prague Home Invest will take care of the complete refurbishment of the building and will also take the lead in the course of the subsequent sale of the individual units. In total it is planned to create 17 apartments on the upper floors plus commercial areas in the basement. The completion of the re-development and sale-off of the apartments is scheduled for the second quarter of 2015, reflecting an investment horizon of around 22-24 months.

INVESTMENT HIGHLIGHTS

- Short-term investment horizon of around 22-24 months.
 - Expected return potential from the sale of the apartments of around 21% in total
 - Participation in form of a shareholding in the project company
 - Minimum investment of EUR 100,000

WHAT YOU SHOULD NOTE AS INVESTOR

- Even though real estates represent actual values, there still may market-related factors, which affect the asset, financial and earning position of the project. Please take notice of the risk factors listed on page 9.
 - Even though figures are stated in EUR the purchase price/selling price is CZK denominated and currency fluctuations may have a significant impact on your return in EUR.
 - Prague Prime Homes Management (PPH Management) receives a fixed fee during the project life-term and is entitled for a performance related share in the project profit. In addition there is an arrangement fee for the debt and Meinl Bank is entitled for a banking fee for placing the equity with investors. Details are disclosed on pages 6/7.



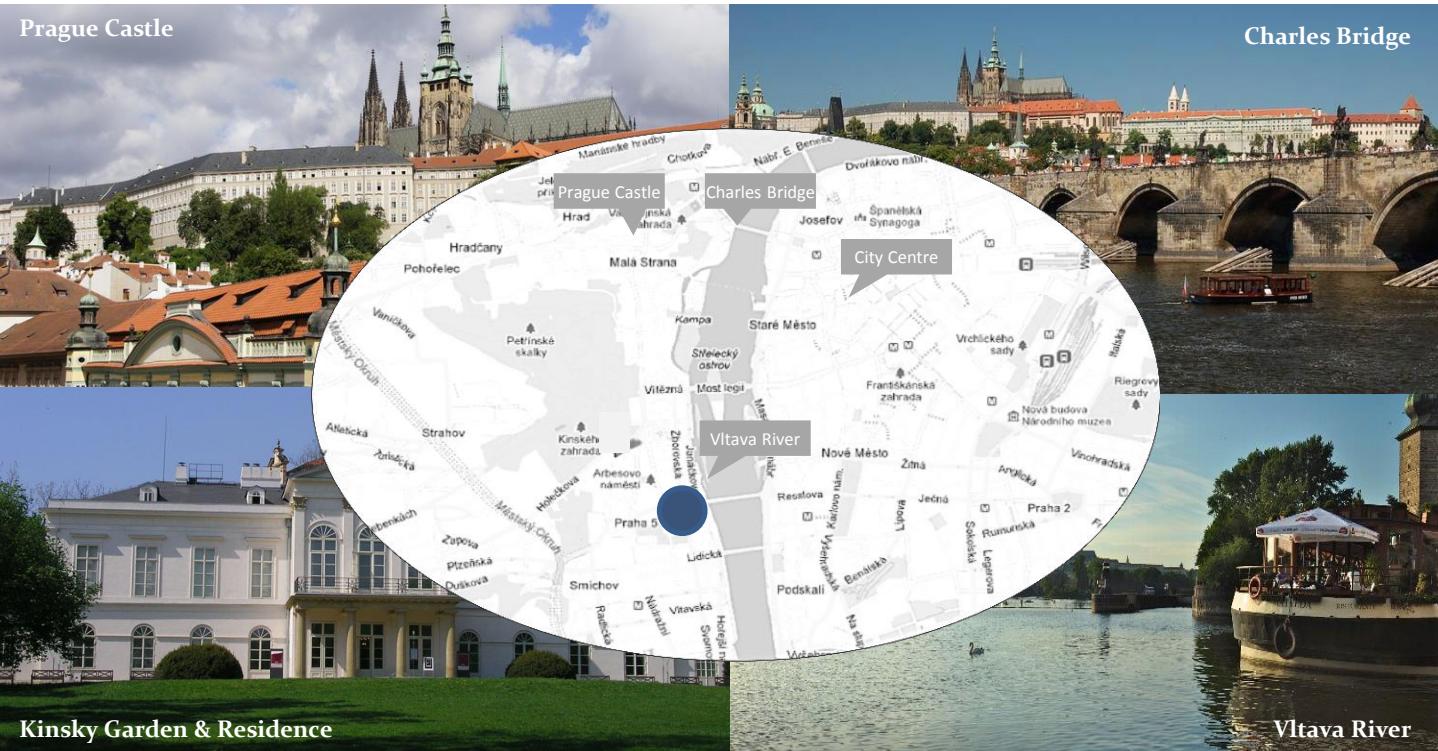
INVEST IN A PREFERRED LIVING AREA OF PRAGUE

THE LOCATION

The project is located in Pechackova street number 3 in Prague 5. The project is situated just a one minute walk from the Vltava river – most of the apartments provide a direct view on the river - and the Mala Strana or Nove Mesto can be reached by feet within some minutes as well.

This part of Prague offers a variety of shopping opportunities and a wide range of services. The location has an excellent accessibility by public traffic and an easy and fast access to the city's main arteries allows for comfortable and convenient travel by car.

Property prices in that area of Prague are still significantly lower as in Prague 1 or in the streets that are directly facing the Vltava river and therefore apartments in that area are also affordable for younger people that are looking for an apartment in a central location of Prague. Due to the potential that prices will catch up with prices in adjusting areas an apartment in that part of Prague may be also attractive for end-buyers for investment purposes.



PECHACKOVA - INVESTMENT OVERVIEW

PROJECT ACQUISITION	EUR
Purchase price before refurbishment including costs relating to the acquisition	2,210,000
Refurbishment costs incl. PPH project management and other costs	2,080,000
Interest on debt (for 18 months)	145,000
Total project costs	4,435,000
EXPECTED PROCEEDS FROM SALES OF APPARTMENTS	EUR
Total expected sales proceeds before costs relating to the sale and before taxation	5,420,000
PROJECT FINANCING	EUR
Equity (38.3%)	1,700,000
Debt (61.7%)	2,735,000

The calculation is based on the assumptions and parameters listed herein and others. Any variation of those parameters may significantly impact the return on investments. Please note also the risk factors on page 9.

The property shall be being acquired in form of an asset deal by a new founded project company and equity investors will become shareholders in this company, whereby a Meinl Bank will act as trustee and hold the share in the project company in the name of and for the benefit of the investors. The purchase price including costs relating to the acquisition, fees to Meinl Bank for placing the equity with investors (3% on equity) and 1% debt arrangement fee amounts to around EUR 2.2 million. Based on a total usable area of 2,000 sqm this represents a purchase price of around EUR 1,100 per sqm.

In the following 15 months the building shall be re-developed. As part of the reconstruction it is also planned to convert and develop the attic that was not used for residential purposes in the past. It is planned to create 17 apartments on the upper floors and commercial units on the ground floor that shall be sold to individual parties using the apartments either for living purposes or as investment. In addition it is planned to create parking spaces for each apartment, as parking opportunities are limited in Prague. The total project costs of around EUR 4.4 million shall be financed with a combination of equity and bank loans.

After completion of the reconstruction the units will be sold to individual investors, whereby based on current market conditions it is expected to achieve an average sales price of EUR 2,600/sqm resulting in total gross proceeds of around EUR 5.4 million. The net sales proceeds after costs relating to the sale, property transfer taxes and capital gain taxes are expected to amount to around EUR 4.9 million.

PECHACKOVA - EXPECTED INVESTOR RETURNS

PARTICIPATION POSSIBILITY

Investors can participate in denomination units of EUR 100,000 representing each around 5.88% in the project holding company.

EXPECTED RESULTS

EQUITY INVESTMENT & PROJECT RESULT

Equity Investment
Profit from sale of apartments (after debt repayment)

	RESULT TOTAL PROJECT EUR	RESULT PER 100,000 INVESTMENT EUR
Equity Investment	1,700,000	100,000
Profit from sale of apartments (after debt repayment)	451,575	26,563
Return on equity total	361,260	21,251
	90,315	
	21.3%	21.3%

PROFIT DISTRIBUTION

Variable Profit share Equity providers (80%)

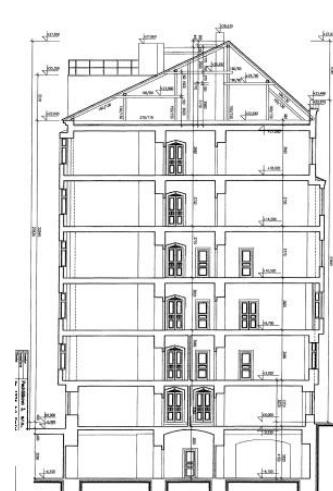
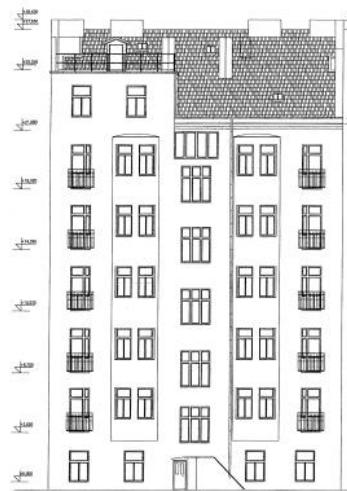
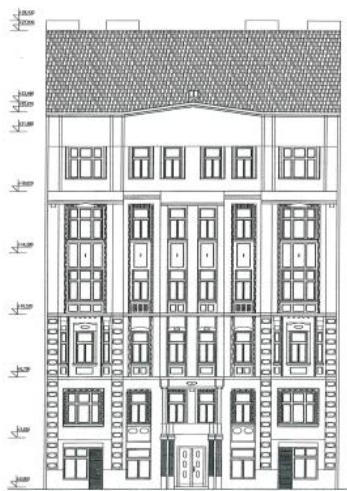
Variable Profit share PHI (20%)

Return on equity total

The calculation is based on the assumptions and parameters listed herein and others. Any variation of those parameters may significantly impact the return on investments. Please note also the risk factors on page 9.

The planned equity requirement for the total project amounts to EUR 1.7 million, reflecting an equity ratio of around 39.2%. Based on expected net sales proceeds of around EUR 4.9 million the project result after the repayment of the bank loans will amount to around EUR 0.45 million.

The net profit for equity investors after payment of a performance related profit share to PHI for its efforts as development manager is expected to amount around EUR 360,000, providing a total profit of 21.3% over an expected investment period of around 24 months.



PRAGUE
PRIME
HOMES

WHAT YOU SHOULD NOTE AS AN INVESTOR: IMPORTANT RISK INFORMATION

All of the following factors could have an (negative) impact on the asset-, finance- and earning position of the investment project. A consultation with qualified people, particularly through a tax advisor, can not be replaced in any way by these notes.

- All forward-looking statements are involved with uncertainties and do not allow reliable conclusions and forecasts on future development.
- The presented form of participation requires that a potential buyer can evaluate the risks, that he would like to invest capital for a period of at least 24 months and that the chosen investments are in line with its economic conditions.
- The selling price of real estate is subject of fluctuations. This may affect the business and the economic return over the financial planning.
- The stated revenues on sales of real estate are forecasts. In the course of realization of the real estate, it is possible that because of general market conditions or the demand for real estate in the particular area of the city the forecast revenue cannot be achieved. Such development would have a significant impact on returns.
- Problems during the development may delay and increase the cost of a project. Even though PPH Management puts all efforts to determine the required refurbishment costs it cannot be excluded that the actual costs will be higher than the estimated costs. This could result in another capital call with investors or the need to increase the debt financing for the project. Both may affect the predicted success.
- The purchase/sales price is currently paid in CZK. Currency fluctuations between CZK and EUR can have a strong impact on the income of the investor.
- Because of the participation form the investment will be illiquid. If an investor intends to sell the participation before the planned time of disposal the sales price could – if a sale is possible at all- be much lower than the purchase price. This might be also the case in the event of an unexpected sale of the complete property.
- The investment is made in form of a share deal, where the investors hold shares in the property holding company.
- The real estate shall be insured at market conditions. Albeit it can occur that certain damages will be not covered through insurance. Under certain events even the destruction of the building might be not covered.
- Changes in tax laws cannot be excluded. Such changes could have an impact on the asset,- finance and earning positions and on the taxation of income.
- It cannot be excluded that future changes in the law might interdict the trust holding of real estate for foreigners or that measures are set with similar effects, which may affect the business model significantly negative.
- The project shall be financed partly with debt capital. The economic success is dependent on the conditions of debt financing. The interest rate may change through the market situation which may affect the outcome of the project.
- A monthly project management fee of EUR 6,500 (plus VAT) is paid to PPH Management, for its effort as project manager and coordinator. In addition PPH Management is entitled to a performance related fee of 20% of the profit at disposal.
- The arrangement of debt financing is subject to an arrangement fee of 1% which is included already in the project costs as well.
- Meinl Bank will be entitled to banking fees for its efforts of placing the equity stake with investors in the amount of 3% of the equity. These fees are included in the project costs.
- Investors should read this document in conjunction with the PPH Investment Programme Memorandum and discuss the investment opportunity with your advisors who should review the documents to evaluate the potential risks for you.
- Potential investors should be aware that if the project fails investors may lose some or, in the worst case all of their investment. Worst case scenario refers to events such as expropriation as a result of a change of political system, complete breakdown of market, acts of terrorism or natural disasters and resulting losses that cannot be insured.

This brochure serves marketing purposes, is not binding and doesn't constitute a recommendation or an offer or an invitation to make an offer to buy or sell real estate holdings. Interested persons should conduct their own investigation and analysis of the information provided in the Information Booklet and should seek their own financial, legal, tax or other professional advice. All forward-looking statements are involved with uncertainties and do not allow reliable conclusions and forecasts on future development. Performance results of the past do not allow for conclusions on the future development. Potential interests should be aware that if the project fails investors may lose some or, in the worst case scenario, all of their investment.

You have been carefully selected as recipient of this Document based on your investment experience. Information contained in this Document are not intended for general public and must not be disclosed to other persons, except to your advisors who should review the documents to evaluate the potential risks for you.

As this investment opportunity is neither subject to the Czech Act on Collective Investment nor to the Czech Capital Markets Act, the standards of your protection might be generally lower than in the capital markets and you should consider carefully whether this opportunity is appropriate for you. The minimum investment exceeds EUR 100.000,- and the investment information is only submitted to a limited group of people. Consequently the offer is not subject to a capital market prospectus according to the Austrian Capital Market Law (Österreichisches Kapitalmarktgesetz).

An investment in a project under the PPH Investment Programme is suitable only for Professional Investors (MiFID definition).