

INFORMATION MEMORANDUM

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AMMONSTRASSE 8

D – 01609

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DRESDEN

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GERMANY



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1. Investment Summary

This investment memorandum concerns the acquisition of a commercial property comprising of 7,190 m² of office space and 33 car parking spaces, situated in Dresden, Germany. The property is fully let to Deutsche Bahn Projektbau, a 100% subsidiary of Deutsche Bahn AG, which has a 10 year lease expiring on 31 December 2017 with an option to extend for a further 5 years to 31 December 2022. DB ProjektBau GmbH is a German company that carries out and supports large-scale railway projects for Germany's national rail carrier, Deutsche Bahn (DB). The Property and tenant is strategically positioned 300 metres from Dresden's main railway station which is the main transport hub for the Saxony region and links with greater Europe.

Overview

Office space	7,190 m ²
Parking Spaces	33
Rent	€631,154
Purchase Price	€8,250,000

Total Cost €9,550,000 incl. all fees and expenses.

Financing A combination of €6.2 million non-recourse lending and investor contributions of €3.35 million. *The final mixture of debt and equity may vary from the above*

Purchase Yield *Initial yield of 7.65% gross / 6.6% net*

Illustrative Target Returns:

This investment has the potential to yield attractive returns. With an investment of €100,000 we project that a sale of the property/company after 7 years would show a gross return of €212,000 which equates to a gross gain of 112% and a net gain of 84% (after deduction of Irish CGT @ 25%). This represents a Gross Internal Rate of Return (IRR) of 11.34%.

Ownership Structure

The property will be held in a Luxembourg tax resident company.



Target Investment Period

The investment objective is to increase the capital value of the building from €8.25M to €10.7M over a 7 year period based on the following assumptions:

- *2% per annum increase of rental income.*
- *Reduction of debt from €6.2 million to €3.9 million.*
- *Exit yield of 6.5%.*

Investment Rationale

This property proposal should be of interest to investors for the following reasons:

- *Property is leased to a triple A tenant – Deutsche Bahn, the German railway company.*
- *Property being purchased at an attractive initial yield of 7.65% gross / 6.6% net.*
- *Statutory increase of rents in line with German Consumer Price Index.*
- *Non-recourse debt.*
- *Approved for pension fund investment.*

Investment Procedure

Prior to receipt of this Information Memorandum investors will have already indicated their intention in principle to invest and the level of their investment.

If you wish to invest the following is required:-

- *Expression of Interest Form submitted to PFS Private.*

- *Money Laundering compliance documentation submitted to PFS Private, i.e. a clear copy of your current passport together with passport number and an original utility bill (less than 3 months old) showing your home correspondence address.*
- *Cheque made payable to Coakley Moloney Solicitors to be submitted to PFS Private.*

Management

PFS Private acts as the promoters and will be the central point of contact for investors.

The property will be managed on a day-to-day basis by a Property Management Company. PFS Private will procure the preparation and audit of annual accounts by a competent Firm. PFS Private will oversee the work of the accountants/auditors/tax professionals and will provide an annual update to investors.

A management charge equal to 0.25% of gross asset value will be paid to PFS Private. The valuation will be provided by an independent professional valuer.

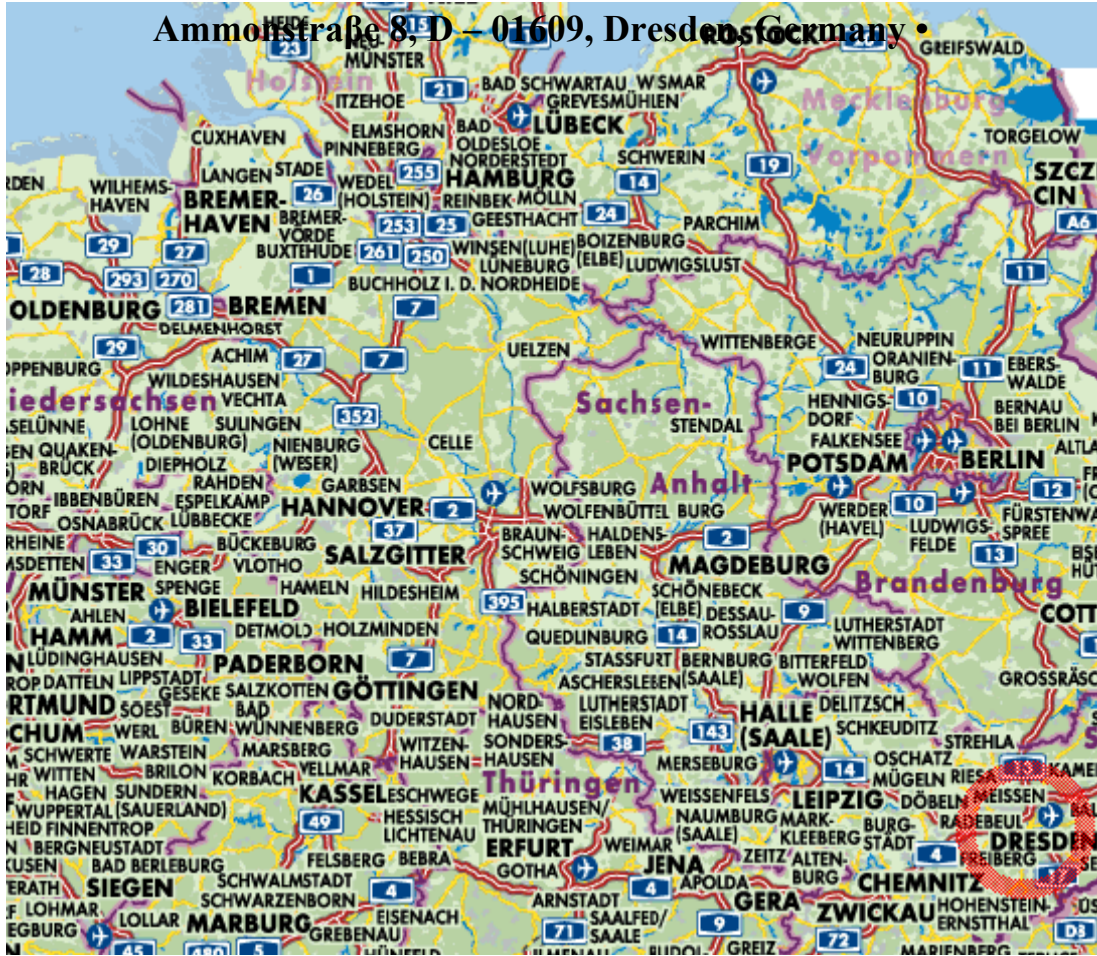
These figures are projections only. The value of your investment may go down as well as up.



2. Property Location

Dresden, Germany •

Ammonstraße 8, D – 01609, Dresden, Germany •



Ammonstraße 8 Dresden



Dresden is situated in the south-eastern part of the Federal State of Saxony, which borders not only on other German regions (Bavaria, Thuringia, Saxony-Anhalt and Brandenburg), but also on the Czech Republic and Poland. Dresden lies on both banks of the river Elbe. The nearest German cities are Chemnitz (80 km/50 miles to the southwest), Leipzig (100 km/ 62 miles to the northwest) and Berlin (200 km/ 124 miles to the north). The Czech capital Prague is about 150 km/ 93 miles to the south; the Polish city of Wroclaw is about 200 km/ 124 miles to the east.

The property is an office building built in 1924. It has five floors and a basement. There are 33 car parking units on the site. The building is one of the very few buildings which have survived the war and the communist times. The building has been completely refurbished by the Deutsche Bahn in 2004 to modern office standards. The building consists of one main building including the main entrance plus two wings.

In terms of area Dresden is the 4th largest city in Germany after Berlin, Hamburg and Cologne with over 500,000 inhabitants. In recent times, Dresden has developed into one of Germany's strongest and most dynamic economic locations and is **debt free**. The local population is also increasing, against the general trend. Dresden is today one of the most dynamic high-tech locations in Europe, with a particular emphasis on microelectronics, IT and telecommunications, biotechnology and nanotechnology (Nanotechnology is an expected future manufacturing technology that will make most products lighter, stronger, cleaner, less expensive and more precise).



Transportation



City tram of Dresden – with more than 45 metres the longest in the world

Modern and traditional means of transport are meshed into a carefully planned and efficient network. Whether by suburban railway, bus and tram, Elbe ferry or cable car: practically every destination in the city can be reached conveniently, quickly and inexpensively.

Those who want to explore Dresden and its charming surroundings at a more leisurely pace can turn to a number of narrow-gauge railways or to the Elbe paddle steamers of the Saxon Steamship Company.

The consistently high passenger figures recorded by the Dresden transport corporation (DVB) are proof of the popularity of local public transport in the city. More than 400,000 passengers use the broad range of services offered by the DVB every day.

The **Bundesautobahn 4** (Motorway **European route E40**) crosses Dresden in the northwest from west to east. There are two main inter-city transit hubs in the railway network in Dresden: **Dresden Hauptbahnhof** and **Dresden-Neustadt railway station**. The most important railway lines run to Berlin, Prague, Leipzig and Chemnitz. A commuter train system (**Dresden S-Bahn**) operates on three lines alongside the long-distance routes. Dresden airport is located at the north-western outskirts of the city. The infrastructure of the airport has been improved with new terminals and a motorway access route. The Saxon capital offers its residents and visitors one of the densest local public transport networks in Germany.

Economy & Science

1,200 companies with more than 44,000 employees make Dresden the largest European microelectronics and IT cluster. “Silicon Saxony” unites many of the most renowned names in IT: not only the global players. **Advanced Micro Devices, Infineon Technologies, Qimonda, Toppan Photomasks and X-FAB**, but also innovative, emerging companies such as **Novaled, KSW Microtec, Zentrum Mikroelektronik Dresden, Microelectronic Packaging Dresden and SAW Components** – or the latest location successes Plastic Logic and Micro Emissive Displays. **A total of more than 12 billion Euros has been invested in this sector of the economy in Dresden since the 1990s.**

Dresden is furthermore the strongest research location in Eastern Germany, with the Dresden University of Technology and numerous other universities and colleges, and research institutes of the Leibniz Association and the Fraunhofer and Max Planck Societies. Together, they form a basis for innovative and successful developments. In biotechnology, for example, a unique research network has been established around the DFG (German Research Foundation) research centre “Regenerative Therapies”. And in the field of nanotechnology, the Dresden region has evolved as a national focus, with 40 research facilities and 80 of the country's 500 companies.



3. Tenant Information



Tenancy schedule

Tenants	Area (m ²)			UNITS		Lease contract			
	Office	Retail	Arch.	Parking		Start	End	Option	Current
Deutsche Bahn Projektbau	7,190			33		01/01/2008	31/12/2017	31/12/2022	€31,154

The single tenant building is let to Deutsche Bahn Projektbau a subsidiary of the Deutsche Bahn AG.

www.deutschebahn.com

The Deutsche Bahn Projektbau is responsible for the entire maintenance work of all facilities used and owned by Deutsche Bahn – the German Railway Company. The German railway network requires constant maintenance and upgrading. The tenant is responsible for the Saxony region of Germany. Deutsche Bahn has assets in excess of €49 billion and has over 240,000 employees.

Rents are increased in line with the German consumer price index.

The indexation will be triggered when the CPI has increased by 5 %. This will increase the rent by 100 % of the index change. **The last indexation took place in May 2007. The lease is scheduled to expire at the end of December 2017, however the tenant has an option to prolong the lease for a further 5 years.**




4. Projected Return

The following projections are based on an initial investment of €100,000.

Projections are based on rental increases of 2% per annum, selling yield of 6.50% and reduction of debt from €6.2m to €3.9m.

Figures are based on sale of the property/company at years 7.

 Year 7	
Yield	6.50%
Rent	€696,845
Sale value	€10,720,693
-Bank Debt	-€3,893,059
-Sales costs of 2%	-€214,413
Cash in Bank	+€303,527
Gross Return	€7,131,160
-Original Investor Equity	-€3,362,500
Gain(net of equity)	€3,768,660
Gross Percentage gain	112%
Gross Return to Investor per €100K	€212,000
Net projected return after deduction of CGT @25%	€184,000

These figures are projections only. The value of your investment may go down as well as up.

5. Cash Flow Projections

Dresden

Deutsche Bahn

Cash Flow Statement

		0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	
Rentals	100%		631,154	643,777	656,653	669,786	683,181	696,845	710,782	
Equity Contribution		3,362,500								
		3,362,500	631,154	643,777	656,653	669,786	683,181	696,845	710,782	
Due Diligence & Closing Costs	15%	-1,206,473								
Purchase Price		-8,250,000								
Bank Costs		0								
Expenses & provisions			-94,673	-96,567	-98,498	-100,468	-102,477	-104,527	-106,617	
Bank Loan & Repayment			6,187,500	-506,481	-517,211	-528,155	-539,318	-550,704	-562,318	-574,165
Tax Paid			0	0	0	0	0	0	0	
			-3,268,973	-601,154	-613,777	-626,653	-639,786	-653,181	-666,845	-680,782
Net Cash Flow		93,527	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
Cum Cash Flow		93,527	123,527	153,527	183,527	213,527	243,527	273,527	303,527	

Income Statement

		0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
Rentals without ERV on vacant space	3.00%		631,154	643,777	656,653	669,786	683,181	696,845	710,782
Due Diligence & Closing Costs		-1,206,473							
Bank Costs		0							
Depreciation			-247,500	-247,500	-247,500	-247,500	-247,500	-247,500	-247,500
Expenses & provisions			-94,673	-96,567	-98,498	-100,468	-102,477	-104,527	-106,617
Bank Interest			-247,500	-237,141	-225,938	-213,849	-200,831	-186,836	-171,816
Profit before Tax			-1,206,473	41,481	62,570	84,717	107,969	132,374	157,983
Tax		0	0	0	0	0	0	0	
Profit after Tax		-1,206,473	41,481	62,570	84,717	107,969	132,374	157,983	184,848

Tax Calculation

		0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	
Profit before Tax	3.44%	-1,206,473	41,481	62,570	84,717	107,969	132,374	157,983	184,848	
Notional Interest			-74,210	-75,638	-77,792	-80,708	-84,424	-88,980	-94,418	
Taxable Profit			-1,206,473	-32,730	-13,068	6,925	27,261	47,950	69,002	90,430
Cum Taxable Profit			-1,206,473	-1,239,203	-1,252,271	-1,245,346	-1,218,086	-1,170,136	-1,101,134	-1,010,704
Tax at	33.99%	0	0	0	0	0	0	0	0	

Bank Loan

		0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
Opening Balance		6,187,500	6,187,500	5,928,519	5,648,449	5,346,233	5,020,764	4,670,890	4,295,408
Draw Down									
Interests on Debt	4.00%		-247,500	-237,141	-225,938	-213,849	-200,831	-186,836	-171,816
Principal Repayment Debt			-258,981	-280,070	-302,217	-325,469	-349,874	-375,483	-402,348
Payment incl interest			-506,481	-517,211	-528,155	-539,318	-550,704	-562,318	-574,165
Closing Balance		6,187,500	5,928,519	5,648,449	5,346,233	5,020,764	4,670,890	4,295,408	3,893,059

Balance Sheet

		0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
Net Fixed Assets		8,250,000	8,002,500	7,755,000	7,507,500	7,260,000	7,012,500	6,765,000	6,517,500
Land		0	0	0	0	0	0	0	0
Other Assets		0	0	0	0	0	0	0	0
Bank Account	30,000 €	93,527	123,527	153,527	183,527	213,527	243,527	273,527	303,527
Total Assets		8,343,527	8,126,027	7,908,527	7,691,027	7,473,527	7,256,027	7,038,527	6,821,027
Share Capital		3,362,500	3,362,500	3,362,500	3,362,500	3,362,500	3,362,500	3,362,500	3,362,500
Retained earnings		-1,206,473	-1,164,992	-1,102,422	-1,017,706	-909,737	-777,364	-619,381	-434,533
Total equity		2,156,027	2,197,508	2,260,078	2,344,794	2,452,763	2,585,137	2,743,119	2,927,968
New Bank Debt		6,187,500	5,928,519	5,648,449	5,346,233	5,020,764	4,670,890	4,295,408	3,893,059
Other Debts									
Total Liabilities		8,343,527	8,126,027	7,908,527	7,691,027	7,473,527	7,256,027	7,038,527	6,821,027

Loan-to-Value Covenant	8,250,000	75.0%	71.9%	68.5%	64.8%	60.9%	56.6%	52.1%	47.2%
Interest Cover Covenant : min	1.10		2.17	2.31	2.47	2.66	2.89	3.17	3.52
Debt Service Coverage Ratio			105.9%	105.8%	105.7%	105.6%	105.4%	105.3%	105.2%

These figures are projections only. The value of your investment may go down as well as up.

6. Explanation of Risks

Gearing Risk

Borrowing for a property investment can enhance potential returns. If, for example, the return on the property (through rents and potential capital appreciation) exceeds the cost of borrowing plus expenses, taxes and charges then the investor gets the benefit of any returns on the value of the property, after the cost of the loan and other costs and taxes has been repaid. However, the property may fall in value, interest rates may rise or the rent as set out in the lease may not be paid.

Consequently, investors' capital is more at risk in an investment such as this, which is part funded by borrowing, than in an equivalent investment without borrowing. In the worse case scenario investors may lose some or all of their original investment.

Property Risk

Property values are affected by such factors as interest rate movements and economic climate and changes. On the realisation of the investment there is no guarantee that investors will recover the full amount of their investment.

Tax Risk

The information contained in this document is based upon the understanding of the current tax and pension legislation at the time of writing. Tax legislation, pension legislation and revenue interpretation are subject to change during the investment period. Such changes may have an adverse effect upon investment returns. Investors are advised to consult with their tax advisors/legal advisors in relation to their personal circumstances and suitability of this investment.

Interest Rate Risk

The fund will be exposed to interest rate risk. If interest rates increase this will adversely affect the return on the fund. If interest rates are fixed for a period and the property is sold during this period penalty charges may be applied by the lender for repaying the loan early and any such penalties will be charged to the fund. The size of any such penalties will depend on prevailing interest rates at the time of repayment. If interest rates are fixed, and the property is held for longer than the duration for which interest rates were fixed, this may adversely affect the return on the fund if interest rates rise.

Exit Mechanism

A holding period of up to 7 years is envisaged for this investment and as a result it is not suitable for investors who may need access to their funds during that period. However, the terms of the Shareholders Agreement allows for early exit in certain circumstances (copy of same may be had on request).

The proposed sale would take place during 2017 provided a satisfactory purchaser is found and the sale is approved by 75% of the shareholders.

Legal Notice to Investors

This document is being issued in Ireland for information purposes only to a limited number of clients who have expressed interest in such investments. The marketing of this scheme in Ireland does not require authorisation from the Financial Regulator. Nothing in this document shall constitute or shall be deemed to constitute a public offering of the interests or an invitation to the public to subscribe for such interests. This document is intended for the use only of the person to whom it is delivered by PFS Private and must not be passed on to any other person.

Prospective investors should be aware that the value of the investment may fall as well as rise. The financial projections included in this document are for illustrative purposes only.

7. EXPRESSION OF INTEREST FORM

Name of Investment Opportunity

Ammonstraße 8, Dresden, Germany

Please complete the following in full

Investment Amount

EUR €

Cheques / Drafts payable to: Coakley Moloney Solicitors Cork

Name	Second Name:
	Maiden Name(if applicable):
Date of Birth:	Date of Birth:
Place of Birth:	Place of Birth:
Place & Date of Marriage(if applicable):	
Address:	Address:
Home Tel:	Home Tel:
Mobile No:	Mobile No:
Email:	Email:
Occupation:	Occupation:

**** Copy of Current Passport and Recent Utility Bill required***

Signature: _____

Signature: _____

Date:

Date: