
How to buy, let and sell flats tax efficiently as an individual in **Prague's hot property** market with no management hassles.



A new Fund will capitalise with EUR 10.0 million and invest into residential properties in the Czech Republic where value can be added through light refurbishment, are ready to lease for income, or are discounted “off-plan” developments. Investment criteria diversify the portfolio of properties by price, location, size, age, construction quality, growth potential and rental yields.

Why invest in Czech Properties?

EU Entry Sparks Great Interest in the Czech Property Market

Property purchases for investment are increasing rapidly in the Czech Republic in advance of EU entry.

Strong Growth In Asset Value

Valuations of residential properties in Prague are rising steadily with much room for growth due to a predicted long term shortage of supply.

Better than Average Cash Flow Yields

Good demand for rental housing provides for higher rental yields than Western Europe (7-12%).

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Why invest through a fund vs. buying properties directly?

Diversification and Economies of Scale

Investors spread risks and fixed costs over many properties.

Elimination of Property Management and Marketing Issues

Investors do not deal with broken pipes and uncooperative tenants. A Fund has trained in-house maintenance and marketing teams to keep properties in good repair and filled with quality tenants.

Professional Acquisition Team

A fund leverages superior market knowledge and a disciplined, objective approach to acquisitions.

More Buying Power

A fund buys many properties at once from a developer and is able to negotiate substantial discounts over what any individual could achieve. Strong cash positions enable quick action on bargains and achieve further discounts from payment terms.

Tax Efficiency

A fund is professionally structured offshore with special purpose financing vehicles that serve to legally reduce the taxable income base of properties. Such structures are complex and beyond the means of most property investors.

Nothing in this document constitutes an offer or solicitation; especially to anyone in any jurisdiction in which any offer or solicitation is not lawful or to anyone to whom it is unlawful to make such offer or solicitation. For more information on residential real estate investments in Prague and the Czech Republic, contact: Property In Prague, s.r.o. Zahrebska 25, 120 00 Praha 2, Czech Republic. Tel: +420-605 308 463, Fax: +420-222 521 286, e-mail: info@propertyinprague.com

The Fund's Mission:

Use capital collectively from investors to buy residential properties for rentals and value-added refurbishments; then add further value by employing significant buyer power and efficiencies of scale.

There is a new mutual fund based tax-efficiently offshore in the Netherlands' Antilles that is capitalising with EUR 10.0 million. It will invest in residential properties in the Czech Republic that require light refurbishment or are ready to lease for income. The investment criteria diversifies the portfolio of properties by location, size, quality of construction and rental yields.

Properties are subsequently managed to produce rental income, developed to maximise their value, or harvested for their capital gain potentials at the right

time. Profits are distributed to shareholders as dividends."

Secure Investment

Stable investment in Real Estate Assets:

90%+ of invested capital is put into tangible residential real estate assets, which is more than an individual could normally achieve after acquisition related taxes, fees and expenses,

Conservative Acquisition Criteria:

Acquired properties will be of high quality and mostly ready to rent, with minimal speculation on those not likely to yield operating cash flow within a predictable time frame.

Leveraging for Additional Growth:

Additional leverage debt (i.e. ~35% debt/assets) is used to finance additional property acquisitions. This allows us to take advantage of the Czech Republic's growth market without sacrificing dividend payments, which is often the case with highly leveraged funds. We also get better terms and interest rates by because of the existing properties in the portfolio.

Guaranteed Transfer of Profits:

Transferability of profits outside the Czech Republic is guaranteed by Czech law;

Like the rest of Central Europe, the Czech Republic is home to a rich legacy of architectural treasures from the Gothic period, through Baroque, up to Art Nouveau. The ravages of World War II and the architecturally and economically damaging Soviet period left most of the country's building stock in poor and decaying condition. Much of this was left in the hands of municipal authorities, which had little experience in effective management or development. The advent of capitalism in the early 90's brought in many interested investors and developers.

However, inadequate Soviet era property laws, an immature judicial system, and a primitive financial sector discouraged substantial investment, and many early projects collapsed in a flurry of headlines about financial fraud.

Despite these immense challenges, during the past decade, the city of Prague has undergone a breathtaking facelift. Old and decaying structures in the historical centre - and, more recently, beyond the

centre - have been restored and rejuvenated - brought back to financial life and aesthetic charm. While interest has focused on the capitol, more aggressive firms are beginning to look beyond Prague to the nation's other major cities.

Despite many significant changes that have already taken place, the real estate market in the Czech Republic has a way to go to reach the maturity level of Western European markets. EU accession is expected to increase prices and demand well into the long-run, especially in popular areas as the capitol. Although pre-EU accession speculation has heightened prices on many high-end Prague properties, many good investment opportunities remain. A fund strives to find these often hidden opportunities and act on them with greater speed and discipline than other buyers in the market.

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