

Apartments in Fashionable Friedrichshain – Berlin

A Group Acquisition Model – GbR

Müggelstraße 31, Berlin





Property Advantages

- Excellent property in the heart of Friedrichshain's fashionable scene in central Berlin.
- Architecturally renovated apartments.
- Fascades and stairwells currently being renovated.
- High rental demand, high potential for raising yields in the short term.
- Infrastructure in very good condition, translating into long term returns with minimal maintenance expenses.
- Inspiration Group's complete management package during and throughout the investment term.
- Inspiration Group has established its own management company in Berlin, with the aim of optimizing the performance of investment for our clients.
- A 40%-50% mortgage from a German bank available to Inspiration investors.

Inspiration Group is an investment firm specializing in the Berlin real estate market. Inspiration has completed thus far 15 Projects in Berlin and is managing over 400 apartments.

We offer investment and management packages which include:

- Locating and assessment of properties for investment.
- Renovation and upgrading of properties, and adaptation of the investment to current market conditions.
- Property management – rent collection, raising of rent, maintenance, locating renters, sales.



Property Description

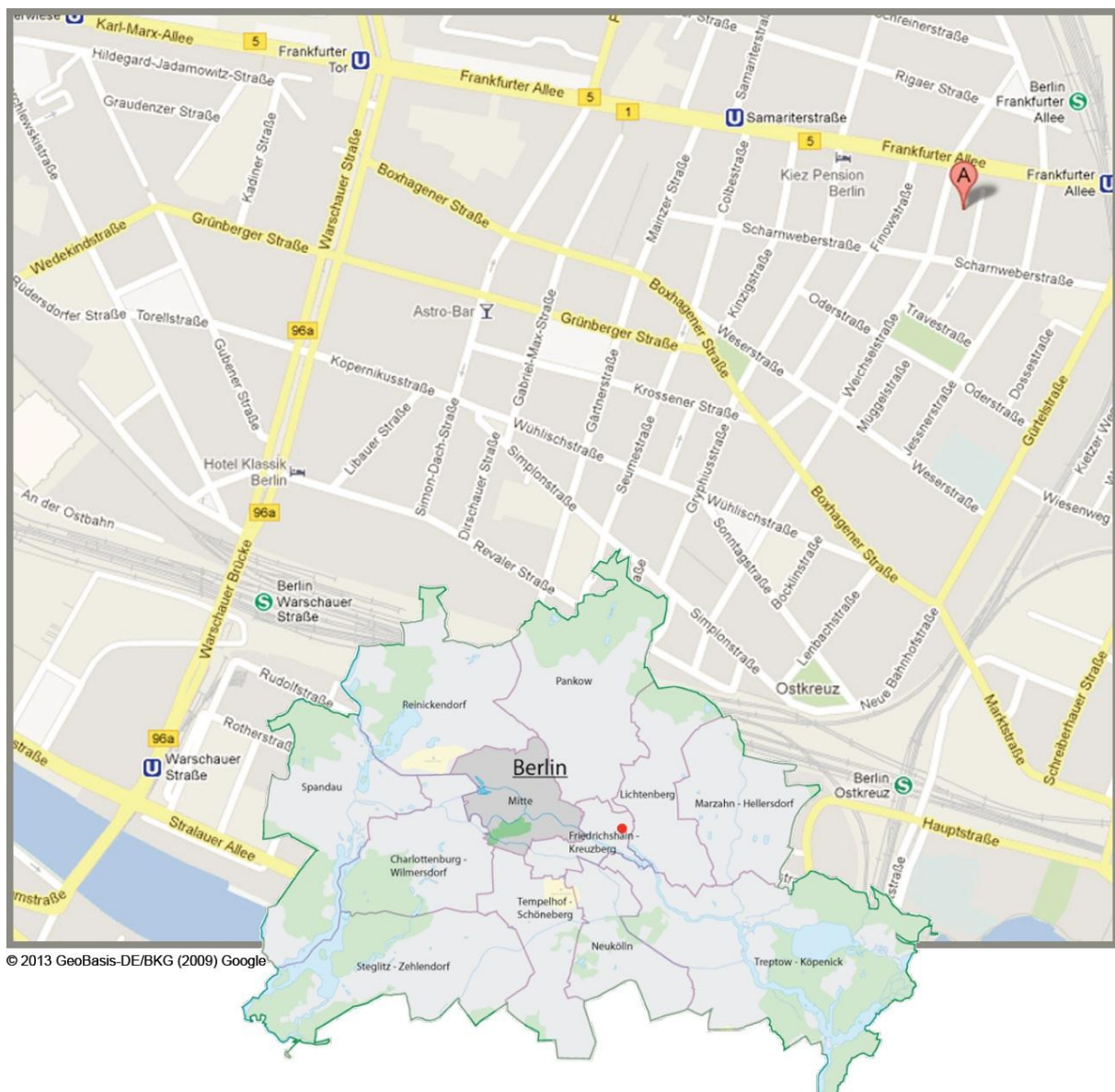
This Altbau property was constructed in 1918 and contains 34 apartments.

The infrastructure of the building is in a good condition and a modern heating system was installed in the building in 2003 for the use of all apartments.

The building's fascades and stairwells are currently being renovated, later increasing the demand for both rent and purchase of apartments in the property.



Property Location



The property is located on a quiet cul-de-sac in the southern part of Friedrichshain, which together with Mitte, Kreuzberg and Prenzlauer Berg is considered one of the most fashionable neighborhoods in Berlin.

The area is a hub for design and media firms, including the headquarters of MTV central Europe. The neighborhood is renowned for its bars, clubs and coffee shops situated mainly around Simon-Dach-Strasse. A vibrant farmers market takes place every Saturday at Boxhagener Platz, followed by a flea market on Sunday.

The location of the property near Simon-Dach-Strasse, offers all the cultural advantages of the vibrant neighborhood at a walking distance, while being free of the commotion related to this popular tourist hub.



The Apartments

There are 34 apartments in the property ranging from 30 SqM studio apartments to spacious 4 bedroom apartments.

Most of the apartments have been architecturally renovated by the property's previous owner, with emphasis on quality sanitary, floors and interior design. With demand for renovated apartments in the area being extremely high, having renovated apartments in a renovated building will enable investors to maximize the financial potential of their investment.



Advantages of the GROUP ACQUISITION MODEL - GbR

- The building is purchased as a single property, with existing apartments and paying tenants.
- Buying the whole building enables the investors to cut significantly the costs of brokerage, purchasing taxes, legal fees, and other related costs, enabling purchase below market price.
- Investors are allocated specific apartments and shares in the partnership according to the proportion of their investment. Shortly after the acquisition of the property, investors begin receiving rent. The apartments are registered in the German Land Registry under the name of the investors, and the partnership is dissolved.
- The apartment's rent is calculated after the deduction of heat, municipal taxes, water and insurance fees. An additional 30 euro's will be deducted by the management company.
- A mortgage of up to 50% is available for investors, pending approval by German banks of the investor's economic stability.



Managing the Investment:

In Inspiration Group we believe that purchasing the property is only the first step in the investment. Managing it successfully and optimizing yields, independent of market conditions, is what determines the overall performance of the investment.

For this reason we offer our investors a complete management package, and have founded our own maintenance company:

We directly manage the apartments and the building, collecting from the tenants rent and taxes, and perform regular maintenance of the property.

- Supervision over the apartments and tenants.
- Locating new tenants in case of termination of lease. We will ensure the the quality of the tenants and the new lease.
- Raising of rents in accordance to legal regulations.
- Analysis of market trends, consulting investors concerning resale opportunities and strategies.
- Vacating of tenants in accordance regulations.
- Renovation of apartments.
- Marketing and reselling.
- Refinance services.



Payment Schedule

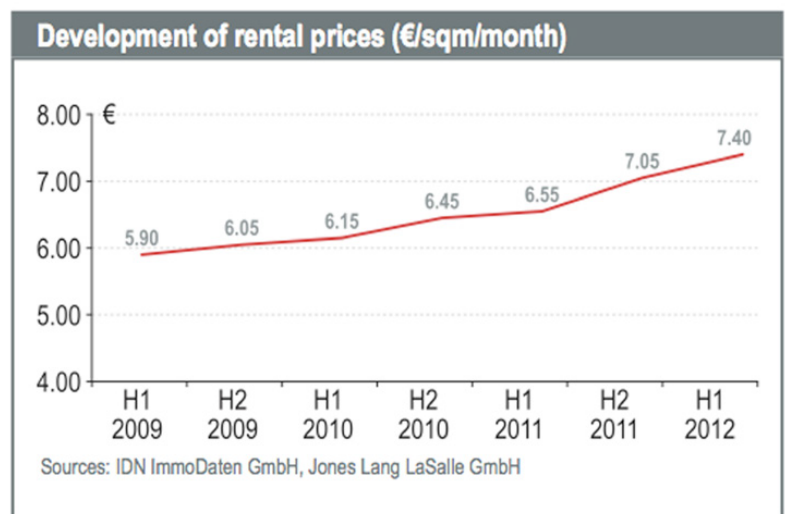
An initial payment of 20% of the purchase price will be deposited into a notary account within a week of signing the contract. The Additional 80% will be deposited in the escrow account following the towards the completion of sales. In case of taking a mortgage the second payment together with the mortgage will reach a sum of 80% of the asset's price.

Why Berlin?

Real estate prices in Berlin are extremely attractive—only a quarter of the price compared with London and Paris. High demand for housing units in the central areas of the city has reached an all time high. The opening of the new Brandenburg International Airport is predicted to increase the attractiveness of the city, already the 3rd most popular tourist destination in Europe.

- Prices of residential units have risen by 10% in the last year (JohnsLangLasalle, March 2012).
- The most affordable housing prices in Western Europe 1500-3,000 EUR per SqM.
- An increase in average income due to relocation of governmental ministries and headquarters of multinational corporations.

- Limited construction of new housing units - 4,000 per year - resulting in a high demand for 50,000 apartments by 2015 (GSW 2011)
- High positive migration of 40,000 resident per year, low interest rates and increased demand for housing is leading to a continuous rise in property prices. From the JLL report: 'Despite the rise in housing prices, Berlin remains in the low price range with an average price of 1,840 EUR pe SqM. Nearly in all areas of Berlin a definite trend of rising prices is taking place and is forecasted to continue in the foreseeable future'.
- Berlin is becoming one of Europe's software powerhouses, with an abundance of high tech companies locating to the city.
- With 150,000 students and tens of universities, colleges and research institutes, Berlin is one of the major academic hubs of the continent.
- The capital of the strongest economy in Europe, Berlin offers the added value of a robust legal system.



Prices of other properties currently on sale in the area

1. Distance – 210 meters

A 105,6 SqM apartment, 382.500 EUR including purchase tax, notary and realtor fees. Price per SqM – 3.622 EUR after additional expenses.

<http://www.immobilienscout24.de/expose/69422397>

2. Distance – 230 meters

A rented 57,23 SqM apartment. 136,180 EUR including purchase tax, notary and realtor fees. Price per SqM – 2,379 EUR after additional expenses.

<http://www.immobilienscout24.de/expose/68600131>

3. Distance – 150 meters

A vacant apartment of 60 SqM, total price of 226,257 Euro including purchase tax, notary and realtor fees. Price per SqM 3,771 Euro after additional expenses.

<http://www.immobilienscout24.de/expose/69086142>

Properties currently offered for rent in the area

Properties currently offered for rent within a 250 meter radius from the building reflect rent prices of 9-11 EUR per SqM. Average current rent prices in Muggelstrasse 31 are about 7 EUR per SqM, thus reflecting potential rent increase of over 50% when replacing tenants.

<http://www.immobilienscout24.de/expose/69294513>

<http://www.immobilienscout24.de/expose/69456628>

<http://www.immobilienscout24.de/expose/69418432>

<http://www.immobilienscout24.de/expose/69340373>



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