



MERRICK

Property Investments

Presented By

Noel Merrick

“Building Wealth Through Property”



Why Invest in Germany

- Largest economy in Europe
- Population 82 million
- The world's Largest exporter
- Central to all of Europe
- German home ownership 40%
- Property prices lowest since 1995
- Strong capital growth potential
- No currency exposure for Irish investor



The Economist's House-Price Inflation

1997 – 2006	% change
Ireland	244
Britain	184
Spain	173
France	120
Germany	-1

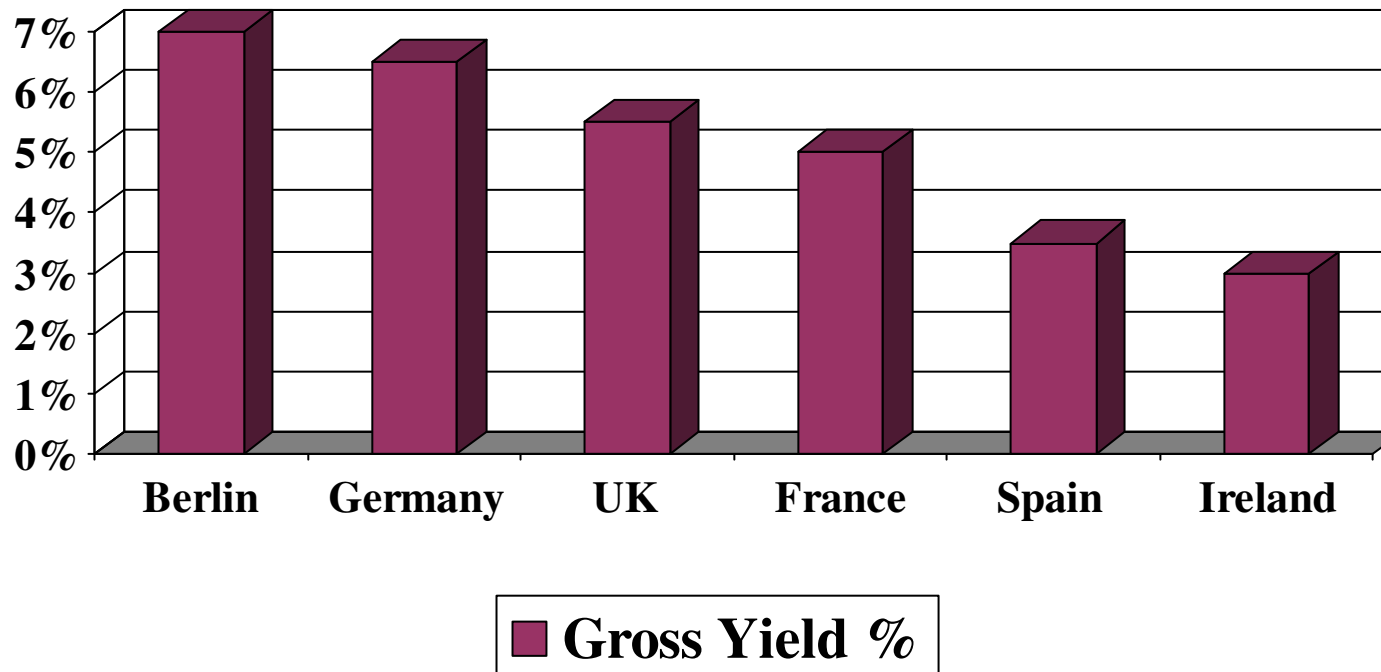


Why Invest in Berlin

- Political and Capital city of Germany
- Population 3.4 million
- Home ownership 15% (40% rest of Germany)
- Property prices are at a 10 year low (-40%)
- High rental yields 5% - 8%
- Low cost price (€800 - €2,000 per sqm)
- Good upside potential in the medium term

Rental Yield

Gross Yield on Residential Property



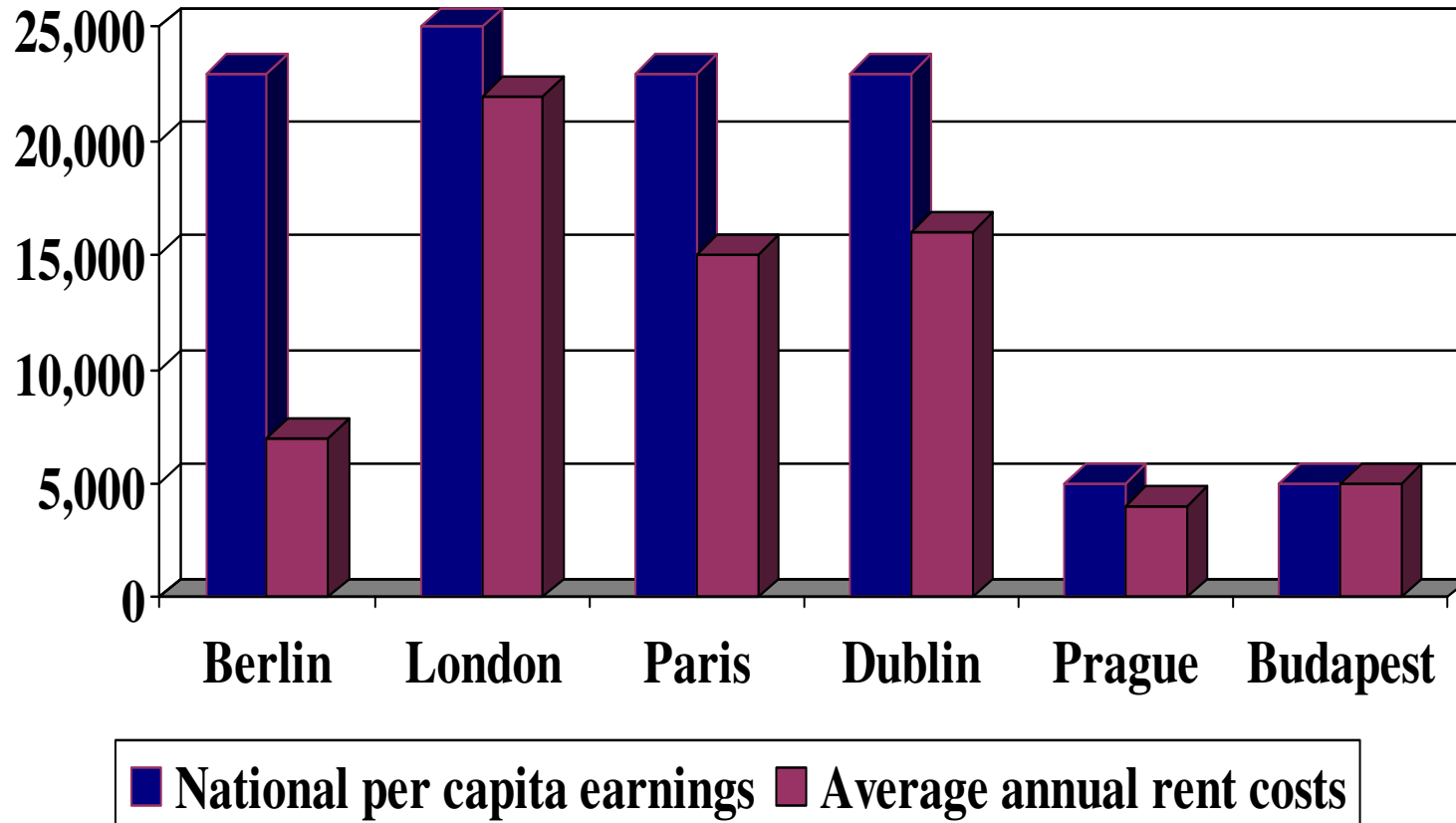


Residential Market Berlin

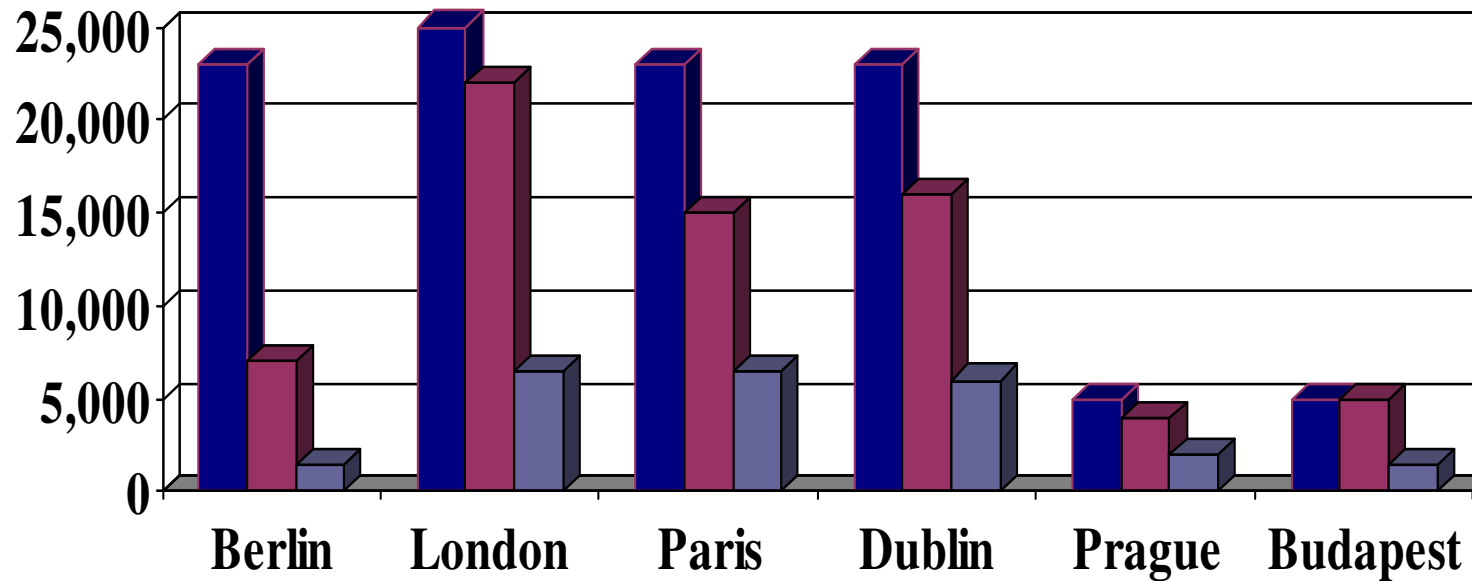
- Apartments are let unfurnished
- Average tenancy 5 years (some for life)
- Most running costs are paid by the tenant (service charges, heat, insurance etc.)
- Building construction is at an historic low
- Low rent costs V's Average earnings
- Shortage of residential apartments expected by 2010

Average Earnings V's Rent Costs

Major European Cities Price Comparison



Major European Cities Price Comparison



■ National per capita earnings

■ Average annual rent costs

■ Average price per sqm



Property Purchase Costs Germany

■ Notary & Legal Fees	1.5%
■ Purchase Tax	4.5%
■ Estate Agent	6.0%
■ Procurement Fee	<u>1.0% - 2.0%</u>
■ TOTAL	13.0% -14.0%



Taxation Deductions Germany

- Interest on loan
- Maintenance / repairs costs
- Property management fees
- Refurbishments carried out
- Building depreciation (2% of purchase price)
- No Capital Gains Tax after 10 years
- Double taxation treaty between Ireland and Germany



Typical German Property Investment

■ Cost of Building	€1,000,000
■ Purchase Costs 13.5%	€ 135,000
■ TOTAL COSTS	€1,135,000
■ Bank Loan 70% (Germany)	€ 700,000
■ Equity Required	€ 435,000
■ Rental Income (6.5% Yield)	€ 65,000



Taxation on €1,000,000 Property Investment in Germany

■ Gross Income (6.5% Yield)	€ 65,000
□ Repairs/Management Costs 15%	€ <u>10,000</u>
■ Net Income	€ 55,000
□ Bank Interest (5.0% Fixed 10 years)	€ 35,000
□ Building Depreciation 2%	€ <u>20,000</u>
■ Taxable Income Germany	€ 0



Total Taxation Germany and Ireland

(Example 1 : €400k Equity Loan Ireland)

■ Net Income Germany	€55,000
□ Germany Interest 5.0% (70% Loan)	€35,000
□ Irish Interest 5.0% (Equity Loan)	€20,000
■ Taxable Income Ireland	€ 0
■ Gross Tax Payable in Ireland	€ 0
□ Credit for Tax Paid in Germany	€ 0
■ Net Tax Payable in Ireland	€ 0
■ Total Tax (Germany and Ireland)	€ 0



Total Taxation Germany and Ireland

(Example 2 : No Equity Loan Ireland)

■ Net Income Germany	€55,000
□ Germany Interest 5.0% (70% Loan)	€35,000
■ Taxable Income Ireland	€20,000
■ Gross Tax Payable in Ireland @ 40%	€ 8,000
□ Credit for Tax Paid in Germany	€ 0
■ Net Tax Payable in Ireland	€ 8,000
■ Total Tax (Germany and Ireland)	€ 8,000



Berlin Property Investments

- Goldman Sachs

- €2.1 Billion purchase of 65,000 properties in Berlin

- Terra Firma

- €7 Billion purchase of 150,000 properties in Germany

- Fortress

- €3.5 Billion purchase of residential properties in Germany

- Property Funds and Private investors

- from all over Europe and USA



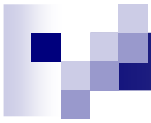
Merrick Property Investments

- Will provide a full property investment package including:
 - Sourcing and acquiring the property
 - Arranging finance with German banks
 - Assistance with notary and legal registration
 - Assistance with setting up taxation structure
 - Providing full property management

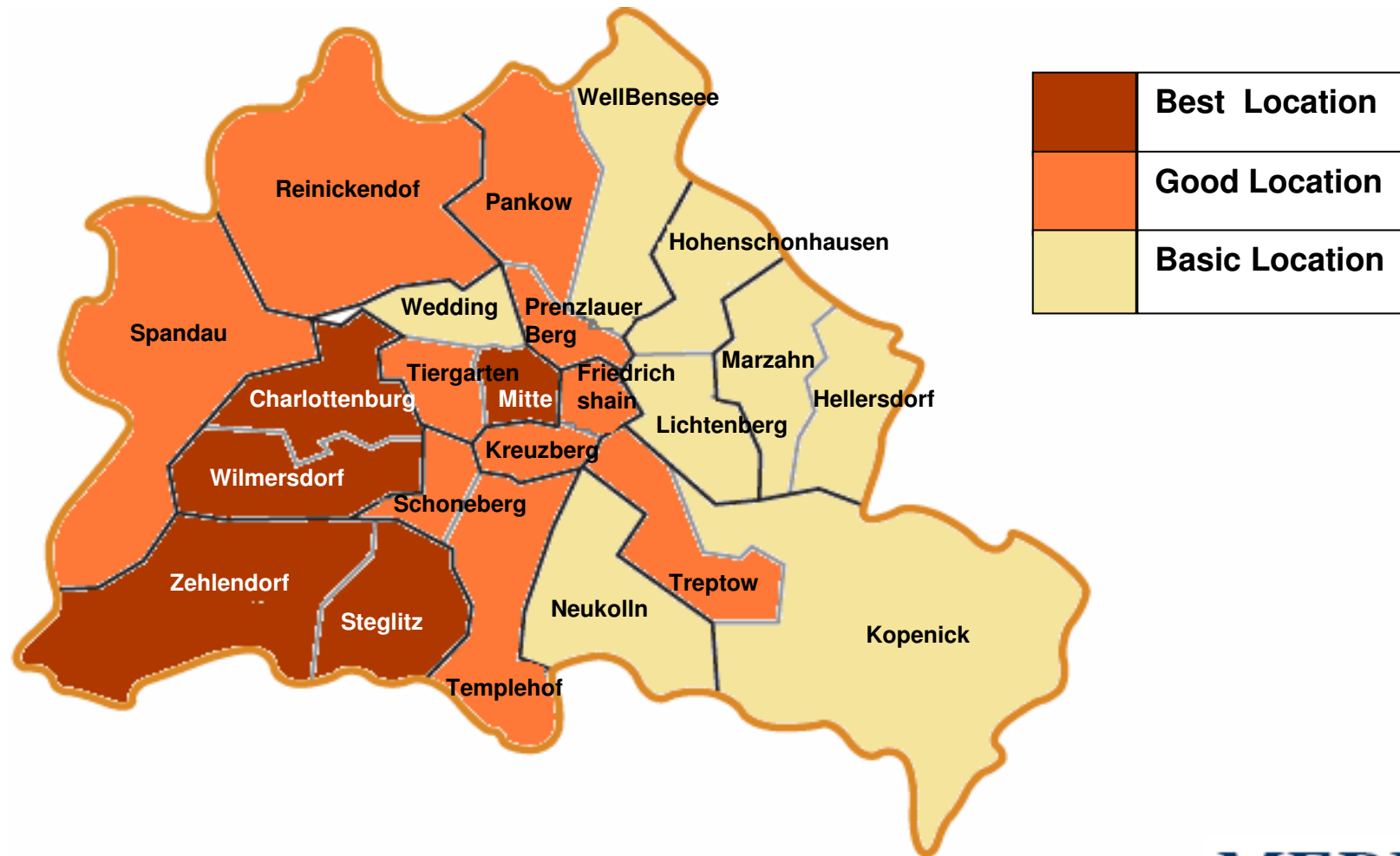


Merrick Property Investments

- Will source and acquire quality properties:
 - in prime locations
 - in good structural condition
 - that offer a high rental yield %
 - with strong capital appreciation potential
 - pre-let buildings with immediate income flow



CLASSIFICATION OF DISTRICTS IN BERLIN



Laurinsteig 16

13465 Berlin (Frohnau) Reinickendorf



Year of Construction	1990
Site area	1,266m ²
Residential (8)	661m ²
Commercial (0)	0m ²
Total Units (8)	661m ²
Rental income	€54,244
Rent / m ² / Month	€7.03
Purchase Price	€975,000
Price € / m ²	€1,475
Yield (Actual)	4.1%
Yield (Fully Let)	5.5%

Ruhmkorffstrasse 9

2209 Berlin Steglitz



Year of Construction		1989
Site Area		822 m ²
Residential	(6)	423 m ²
Commercial	(0)	0 m ²
Total Units	(6)	423 m ²
Rental Income		€33,980
Rent / m ² / Month		€6.69
Purchase Price		€650,000
Price € / m ²		€1,536
Yield	(Actual)	5.22%
Yield	(Fully Let)	5.22 %

Spridingseestrasse 22

12307 Berlin Templehof



Year of Construction	1991
Site Area	1,091 m²
Residential (9)	712 m²
Commercial (0)	0 m²
Total Units (9)	712 m²
Rental Income	€58,860
Rent / m² / Month	€6.71
Purchase Price	€1,100,000
Price € / m²	€1,544
Yield (Actual)	5.35%
Yield (Fully Let)	5.35 %

Winterstrasse 19-20

13409 Berlin Reinickendorf



Year of Construction	1991
Site area	1,336m²
Residential (30)	2160m²
Commercial (0)	0m²
Total Units (30)	2160m²
Rental income	€139,100
Rent / m² / Month	€5.05
Purchase Price	€2,300,000
Price € / m²	€1,064
Yield (Actual)	5.4%
Yield (Fully Let)	6.0 %

Aachener Strasse 35-38

10713 Berlin Wilmersdorf



Year of Construction	1974
Site Area	1,800 m²
Residential (52)	1,958 m²
Commercial (2)	111 m²
Total Units (54)	2,069 m²
Rental Income	€210,000
Rent / m² / Month	€6.99
Purchase Price	€3,360,000
Price € / m²	€1,623
Yield (Actual)	5.82%
Yield (Fully Let)	6.25 %



MIERRICK

Property Investments

“Building Wealth Through Property”