

Prague

PRIME HOME

Real Estate Investment Offer

HOTEL EVROPA PROJECT

The "Hotel Evropa" is located on Wenceslas Square in the very heart of Prague. By this the Property benefits from its utmost prime location. The area is popular and frequently visited by tourists: Numerous well known cafes, restaurants as well as most of the historical, touristic and leisure attractions of Prague are located directly on the square or within its closest vicinity.

The hotel has been closed to undergo a complete reconstruction to restore the hotel's original glory but bringing at the same time state of the art technologies and luxury facilities to the hotel.

The Project foresees the reconstruction of the historic hotel part and the development of a new building in the yard

Following the completion of the reconstruction the hotel will have in total around 14.000 sqm and will offer around 150 luxury rooms and suites, modern spa and leisure facilities, restaurants and bars, conferencing facilities and it is also foreseen to create an underground parking garage for hotel guests.

See page 2 for the Financial Details

PRAGUE PROPERTY MARKET

Economic Overview

The Czech Republic is one of the most stable markets in "New Europe": Since EU accession the Czech economy was growing faster than many Western countries and after an interruption after 2008, the Czech economy observed in the last 2 years again a higher growth and with growth rates of around 3% p.a. the Czech Republic is expected to outperform the EU average again.

The Czech Republic has also 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 85 %.

The capital city Prague is by far the most famous city in the Czech Republic and as a matter of fact the financial and economic centre in the Czech Republic: Approximately 2.3 million people – or more than 20% of the total Czech population - are living in the catchment area of Prague. With an unemployment rate of currently less than 3 %, the unemployment rate in Prague is not only lower than in the Czech Republic in average, but also lower than in many other cities in Europe. According to latest analysis undertaken by Eurostat, Prague is on place 9 in terms of purchasing power in Europe – higher than for example in Vienna or Berlin.

Investment and Hospitality Market Overview

The property investment market shows currently the same positive trend as the general market in the Czech Republic and in particular the Prague market: According to Colliers International Czech real estate investment deals grew by 77 percent to EUR 1.97 billion in 2014.

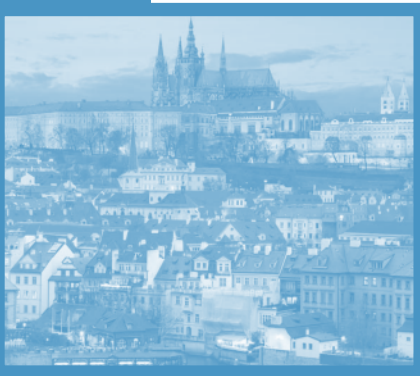
A positive trend is also visible in the Prague hospitality sector: After a drop in 2009 as a result of the economic downturn, demand in Prague has rebounded strongly:

- Prague is the 6th most visited city in Europe and on place 11th of the most popular congress destinations worldwide.

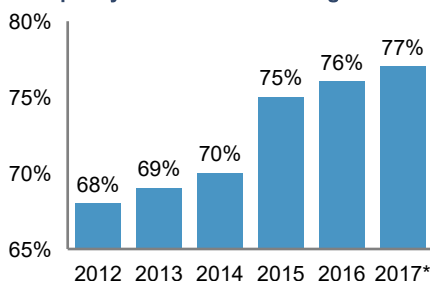
- The average occupancy rate of all hotels in Prague amounted in 2014 to 69.3% - on that rate Prague ranges among top 10 in Europe with respect to hotel occupancy

- With 14.8 million stays in 2014, overnight stays are exceeding the pre-crisis levels. This growth trend is expected to continue whereby it is visible that in recent years more and more higher purchasing power guests are traveling to Prague.

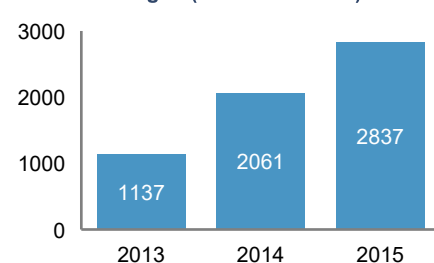
Rooms rates were also affected by the crisis and started to recover only in 2012 but due to continual growth in demand they are expected to grow further. Analysis of the luxury hotel market shows that this segment recovered better than the overall market. Occupancy and ADR increased faster – in 2014 income per arrival increased by 14%. This trend is expected to continue which confirms that demand for luxury hotel products is coming back to Prague.



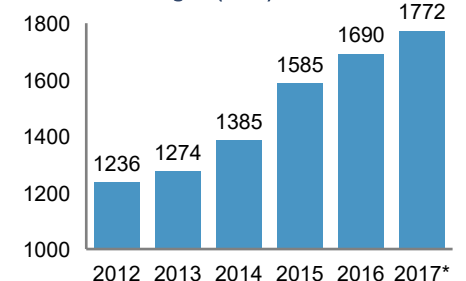
Occupancy rate of hotels in Prague

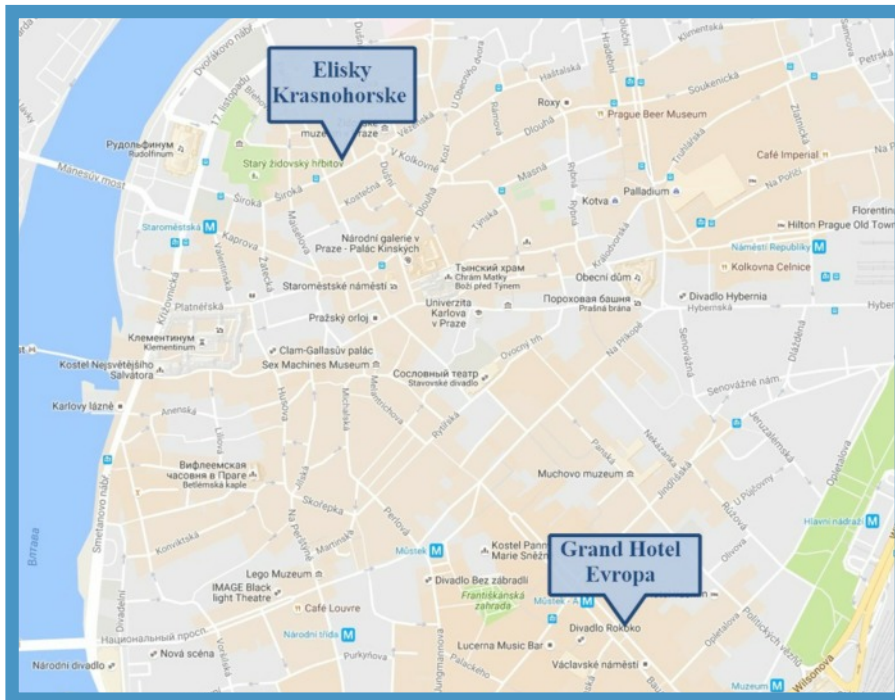


Investment volume in the commercial property market in Prague (in million euros)



Rev PAR in Prague (CZK)





GRANDHOTEL EVROPA



ELISKY KRASNOHORSKE

GRANDHOTEL EVROPA

The reconstruction of the historic hotel part and the development of a new yard wing. The project has valid building permits which need to be amended based on the requirements of the operator.

The total investment volume for the project is EURO 61.2 million. The Return for equity investors is expected to amount to 50%.

The exit from the project for investors is planned by a sale after completion

ELISKY KRASNOHORSKE

The planned renovation will offer 7 luxury apartments with around 250 sq. m. each on the upper floors and a commercial unit in the ground floor with 11 parking spaces for the residents in the basement.

The project would be financed with a combination of equity, subordinated bonds and the bank financing. The investment period is around 2 years.

The project completion and exit is expected on the year-end 2018.

INVESTMENT HIGHLIGHTS

- Investment horizon of around 36-42 months;
- Equity investors will receive returns in form of the development profits upon sale of the project after reconstruction.
 - Expected total return potential of around 50%;
 - Participation in form of a shareholding in the project company.
- Short-term investment horizon of around 2 years.
 - Expected return potential from the sale of the apartments of around 30% in total for equity investors
 - Alternative investment possibility to invest in subordinated bonds with 6% coupon p.a.
 - Participation in form of a shareholding in the project company

THE BOND ISSUE

Issuer	PPH Evropa s.r. o.
Volume	Total planned volume of up to EUR 9 million
Coupon	36.00% - payable on semi-annual basis
Issue Price	100% of the nominal value- includes a placing fee of 1.50%
Denomination	Nominal value EUR 10,000 per Bond. Minimum investment per investor of EUR 100,000.
Maturity	43435
Redemption	The Bonds will be redeemed at maturity in December 2018 at nominal value. The Bonds may be redeemed early in whole or pro rata at the option of the Issuer .
ISIN and Listing	1AT0000A1HX65 The Bonds will be not listed at any stock exchange.
Placing Agen	Meinl Bank AG will act as placing agent for the Bonds.