

- **Unique opportunity to invest into attractive residential property development projects in the most prestigious living areas in the city of Tallinn, Estonia**
- **Estonia is well recovering from economic slump, supported by increasing confidence and Euro adoption in 2011**
- **Property market in Tallinn offers attractive window of opportunity for professionally executed residential development projects**

Overview

Redgate together with a strong property team will launch a fund focusing on highly selected residential property development projects. The fund managers together form the strongest combination of asset management and residential property development know-how in the Baltic region

- Fund period: up to 2-3 years, possibility to extend the period by 1+1 years
- Targeted fund size: EUR 3.5 mln (equity)
- Leverage: max 60% of the total investment
- Target return: expected to exceed 25% (IRR, leveraged)
- Exit: through sale of apartments

Investment Strategy

The fund will invest into 4-5 residential development projects in most prominent regions of Tallinn, Estonia

- Focus: Residential Property Development projects
- Investment region: Tallinn, only selected districts, projects in prominent neighbourhood: City Center (including Kadriorg), Pirita, Nõmme and selected areas of Haabersti and Kristiine
- Size of a project: 1000 – 3000 m² of sellable area
- Investment per project: EUR 1 - 3 mln (including leverage)
- Duration of a project: 14 - 28 months

Residential Property Market

The residential property market shows signs of recovery as the major constraints are starting to disappear

- Prices of apartments have bottomed-out with modest rise for last quarters, transaction volumes recovering
- Buyers' confidence is improving on the back of stabilizing economy and Euro adoption
- Banks have started to loosen lending policies, mortgage loan volumes show modest rise again
- Almost no new development projects have been introduced to the market during the last years
- The stock of unsold property is steadily shrinking, falling by a third during 2009. If the transactions with the new apartments remained at the current level, the existing stock would have been absorbed within the next 9-12 months

Window of opportunity

We believe that there is an attractive 12 – 18 months window of opportunity for entering the residential development market under very favourable conditions to successfully develop well located small-size apartment houses in Tallinn

- Prices of apartments have fell by 50% since the peak, back to the levels of 2005
- Construction prices as well as prices of land-plots have dropped significantly but are expected to start appreciating in mid-term future
- After nine quarters of consecutive fall, transaction prices have witnessed increase since Q4 2009

Chart 1: Investment Region



Chart 2: Demand and Supply for Apartments

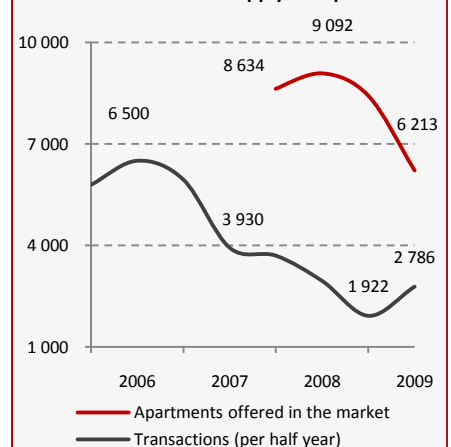
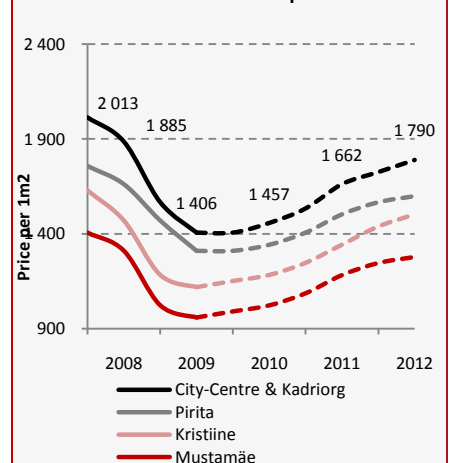


Chart 3: Prices of New Apartments



Fund Terms

- Sector focus: Development of Residential Property
- Geographic focus: Tallinn, selected regions
- Legal structure: Private limited liability company
- Domicile: Estonia
- Liquidity: Closed, redemption at the end of the project
- Reporting: Quarterly
- Currency: Euro
- Minimum subscription: EUR 150 000
- Fees and costs:
 - Subscription fee: 2% depending on the amount and the time of commitment
 - Management fee: 2.5% p.a
 - Success fee: 25% success fee exceeding 8% hurdle rate, paid after exit
 - Other costs: all reasonable costs related to the operations of the fund including legal, accounting, auditing, property valuation, acquisition and disposition costs (incl. due diligence), insurances, financing costs, etc

Further Information

If you have any questions or information requests regarding the Company or the Transaction, please contact:

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