



investment returns explained

Real Returns

Lehderstr 71 is a turn key investment immediately generating a strong and consistent rental income for apartment purchasers. As the apartments are currently occupied the building managers have created a rent pool by which to ensure individual owners apartments are managed effectively. The FAQ's below should explain how the Lehderstr 71 rent pool will be operated.

WHAT IS A RENT POOL?

Rent Pools are the most efficient way to manage a building where the apartments are privately owned by individual owners. Rents are collected, pooled together and then are paid to individual owners who receive a % of the net building rental income equal to their apartment's % of the building, regardless of the actual rent being generated by their apartment.

WHAT BENEFIT IS IT TO THE OWNER?

The main reasons are as follows:

- If an individual owner's apartment is unlet for a period the owner will still receive rental income from the rent pool. Therefore *the owner will receive a consistent monthly rental income* making income calculations and mortgage repayments easy and reliable.
- As a result of tenant legislation *owners can expect the income they receive from the rent pool to increase at a faster rate than the actual rental increases* for their individual apartment.
- In many cases, it is difficult for an overseas owner to appoint a skilled, reliable, English speaking management company to manage individual apartments. Being part of a rent pool avoids this problem and *provides management fee savings of up to 30%*.
- Typical apartment repainting, repairing and cleaning costs at the end of a tenancy are borne by the Rent Pool and not by the individual owner, thereby *greatly reducing each owner's ongoing maintenance costs*.
- Owners receive one simple NET monthly rent payment from the rent pool manager who has already deducted all ongoing costs (including common area utilities, building cleaning, any local taxes, repairs and a contribution to the building's sink fund), giving the owner *a hassle free investment*.

SO, IT'S A FORM OF GUARANTEE?

No, it is not a rental guarantee. By definition anyone offering a guarantee removes a certain element of risk for the new owner, no-one is going to offer a guarantee without receiving some compensation for removing the risk element. This is usually built-in to the purchase price or by fixing the return for a long period which for a certain time will be below market value. A Rent Pool offers the consistency of a rental guarantee without any hidden costs whilst offering owners flexibility as well as being able to benefit from ongoing rental increases.

HOW LONG IS THE RENT POOL?

The Rent Pool will last for a period of 5 years.

WHAT HAPPENS AFTER THE 5 YEAR PERIOD IS UP?

At the end of the 5 year period the owners have the right to decide if they wish to remain within the pool or remove themselves from it. The owners left in the pool will then agree to a new 5 year Pool term.

HOW AM I SURE THAT THE POOL MANAGERS ARE WORKING IN THE OWNERS BEST INTEREST?

Together with the fee for Rent Pool management, the Pool Managers also receive a performance related bonus. When a certain rent target has been reached the pool managers will receive a % of further rent increases thereby incentivising them to increase rents as quickly as possible.

WHAT HAPPENS IF I WISH TO SELL MY APARTMENT WITHIN THE 5 YEAR PERIOD?

You are entitled to sell the apartment at anytime you wish. The new owner has an option of becoming an owner/occupier, continuing within the Rent Pool for the remainder of the 5 year period or removing themselves from the Rent Pool by paying a small penalty to the pool.

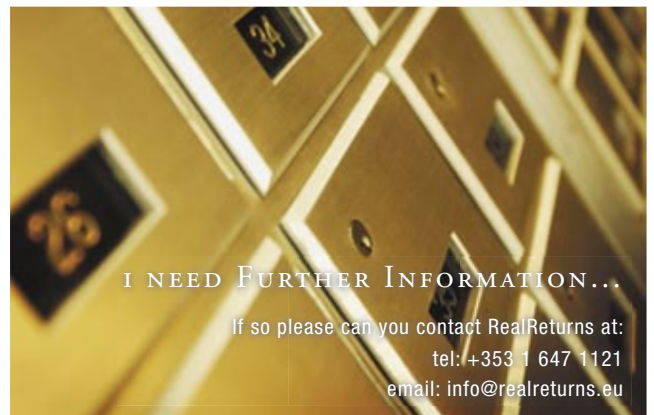
WHAT HAPPENS IF I WISH TO MAKE UPGRADES TO MY APARTMENT?

The Rent Pool managers operate the pool in order to maximise the rental income of the building and will advise owners as to the best improvements necessary in order to optimise rental income. Any improvement costs suggested will be borne by the pool and paid for on a pro-rata basis.

Should an owner wish to make further upgrades they can do so, however, the full cost of this will be at their own expense. The Pool managers will provide the owners with relevant quotes and oversee the upgrading process where necessary.

WHO ARE THE POOL MANAGERS AND CAN WE SPEAK TO THEM?

They are AXIUM GmbH and yes you can speak to them if you wish - their address is Kalkseestr 71, 12587 Berlin, Germany.



I NEED FURTHER INFORMATION...

If so please can you contact RealReturns at:

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