



German Property Group GmbH |
In den Kolkwiesen 68 |
30851
Langenhagen

28th January 2020

Dear investors,

We are writing to you with the latest update re our work with CFE, as you know GPG (formerly Dolphin) is a German project company that has in recent years allocated various attractive projects in German cities and has successfully offered them in the international investment market after creating individual project developments. There were various reasons for participating in those investment, including high expected interest and returns from the growth market of Germany, tax advantages through special model "monument protection", own depreciation from loss carryforwards etc.

Our participation models have motivated you to invest, regardless of the entrepreneurial risk.

We at GPG believe we met your expectations, over 10 years meanwhile various projects have been successfully implemented and seen Investments and profits returned to Investors. Unfortunately, we have other implementation problems that are partly the reasons for the current situation. Recently, you as an investor have been experiencing "performance disruptions" with regard to agreed repayments, interest payments etc. We have answered your inquiries in the best possible way, unfortunately we have not been able to resolve your concerns with payments to date.

Our original communications had not always been professional and have destroyed trust between you and us.,

Regardless of our operational management, there have been various unforeseen events in the recent past for which GPG was not prepared, despite careful handling of current business.

This also includes the fact that in some of the events there is a functioning one risk management that with hindsight should have been activated earlier.



In the past weeks, we have analysed the situation and taken appropriate measures, in particular, the comparison of future project values (residual) with existing commitments confirms the management's good reasons to stick to the ability to implement all projects.

We confirm that the GPG is liquid, but current implementation problems in different projects / objects delay payments in various ways, e.g.

- High transfer payments
- Official delays
- Legal requirements
- Building capacity & costs
- Ongoing adjustment calculation market/projects
- Faulty communication policy
- Risk management / intensive-care

The comprehensive perceived responsibility of the managing partner of GPG, entrepreneurial and liability-related relevance has led to the professional opinion of specialist lawyers of the capital market / investment law and insolvency law of the Federal Republic of Germany.

The GPG recommends various procedures for clarification of German and EU law, taking into account the business model and overall situation, below are all options that are available to GPG.

Insolvency scenario:

As a precautionary measure, GPG could file for bankruptcy, or third-party creditors can define an application for bankruptcy.

The following consequences of Insolvency can see the following:

- Complete loss of any influence
- There will be no payments until the expert clarification by the liquidator.
- The high expectation history of the projects (residual) are not implemented
- The project companies are wound up and the total losses are netted

Our preferred option:

Restructuring "actively legitimized" / creditor moratorium (standstill agreement)
GPG has decided to take this step. The reasons lie in the conviction that the company is sustainable and there are no substantiated reasons for filing for bankruptcy due to existing liquidity. With CFE-Itd in Berlin have commissioned an independent expert society that evaluates according to international standards.

The orders are defined according to standards:



- IDWS6 standards (continuation report)
- Real estate rating according to RIC/EVS/TeGoVa/ S&P standards

The following results can be expected by this option:

- External expertise creates transparency through applied standards.
- External rating provides information about market value.
- Creditors accept moratorium for this period; Stop payment due to Risk of disadvantage for creditors.
- Submission of the expert opinion, explanation and recommendation of the experts for Continuation.
- Submission of rating reports, analysis and decisions between GPG-management and creditors.

The above descriptions make it clear that GPG wants to avoid negative extensions from the current performance disruption and Initiated coercive measures may also provide legal clarity. The risk of unnecessary collateral damage, and consequently complete loss of all projects and the money deposited could be likely. We at GPG believe that it is capable of restructuring and therefore we ask you all to support us in this way in order to avoid or at least limit losses.

We want to regain lost trust with our investors, which is why we have chosen an external audit firm to assist us during our restructuring process, it was important and vital to you as creditor as well as for us to specify the options for the "exit" for you as the investor.

We have been in discussions with potential institutional investors, we can now update you in that we had an offer from a German community of investors. Their aim is to take over our entire portfolio, this means that we want to make a written offer to all investors. The offer will be regardless of whether your investment has matured or is still active. For some of you, this would mean an earlier exit from your investment.



We will submit this offer to you in the next 6-8 weeks, we would be delighted and hope that you will follow our path for returns. Our personal goal at GPG is to avoid a total loss, which could threaten in an insolvency scenario.

Yours Faithfully

A handwritten signature in blue ink, appearing to be 'W. Schmid', is written over the text 'Yours Faithfully'.

GPG Management