



# OFFERING DOCUMENT

THE FIFTH  
**AUGUSTA**  
SYNDICATE  
GERMANY  
GMBH





## Offering Document

Any transaction is subject to contract and a contract will not exist until formal documentation has been signed and consideration exchanged. Whilst The Fifth Augusta Syndicate - Germany GmbH, (the "Company") has taken all reasonable care to ensure all statements of fact or opinion contained herein are true and accurate in all material respects and that there are no material facts the omission of which would make misleading any statement herein, neither the Company nor its agents, employers, officers or advisers make any representation or warranty or give any undertaking as to the accuracy and completeness of any such information. Investors should seek independent professional advice. Attention is drawn to the Risks outlined on page 16 and key assumptions on page 22.

This document is issued by The Fifth Augusta Syndicate - Germany GmbH. It is being issued in the Republic of Ireland only and is subject to Irish Law.

# Introduction

Germany has historically offered overseas investors limited access to retail property. With recent legislative amendments, this entry barrier is eroding. There remains, however, pent-up international demand for German retail investment opportunities.

This demand is further fuelled by the recent upsurge in German consumer confidence, bringing retail property to an ideal point in the cycle for medium-term investment. A potential investor in the German retail market can expect growing rental income and good yield compression - leading to capital appreciation - over the investment horizon.

The Fifth Augusta Syndicate - Germany GmbH gives Irish investors the opportunity to invest in two such ideal retail properties.

## FarlachCenter, Mannheim

FarlachCenter is a modern, mixed-use development in the heart of Mannheim's commercial district. Over 90% let, it houses a solid portfolio of tenants, including blue-chip retail brands.

## City-Center, Saarbrücken

City-Center is a mixed-use landmark property on one of this state capital's busy intersections. Over 40% of the building is leased to the City Government, tenants for over 25 years.

Applying proactive and diligent asset management over the syndicate lifespan, the directors conservatively project an exit yield of 7.0%. This should secure:

An annual IRR of 14.7%

Leading to a projected total return of €97,938 on an initial investment of €50,000<sup>1</sup>.

The application form for this investment can be found at the last page of this document.

<sup>1</sup> See Page 22 for assumptions on which projections are made



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# Executive Summary

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The Fifth Augusta Syndicate - Germany GmbH has been established to raise approximately €5.25 million ("the Placing") to finance, with the assistance of bank borrowings, the purchase of two mixed-use retail centres in Saarbrücken and Mannheim, Germany (the "Properties")<sup>1</sup>. The Properties are expected to cost €15 million.

Investments into the Company are made in units of €10,000 (the "Units"). The minimum investment level is €50,000 per investor and in Units of €10,000 thereafter. The investment will be held for approximately 5 years, after which time it is the intention of the Directors to dispose of the Company on behalf of the investors.

## Potential Rate of Return

If the assumptions on page 22 of this document are achieved, investors should achieve a return of 14.7% per annum compound on their original investment in approximately 5 years time. The directors believe that ownership of German commercial property, as a low- to medium-risk investment, can offer significant rewards for investors over the medium term.

## Risks

Investment in property is speculative, as property values can fall as well as rise. There are a number of risk factors particular to the Company and its investment structure. These risk factors are set out on page 16 in the section entitled "Risks". You should read this section carefully.

## Management

Declan Kennedy and Philipp Graf von Matuschka, who collectively have considerable experience in developing and managing property funds and syndicates, as well as significant experience of investing in the German property market, have established and will manage the Company. The directors of the Company and APS Augusta Property Services Limited ("APS"), the management company, also have a close relationship with Colliers, a worldwide estate agency, who will advise the Company during the property purchase process.

## The Market

The German property market continues to show signs of growth, along with the German economy as a whole. Both business confidence and consumer confidence indicators are on an upward trend. German economic growth in 2006 was at its fastest rate in more than six years, which the directors believe will further stimulate growth in the property sector.

## Tax Status of Investment

The directors, with the assistance of Deloitte, have devised an investment structure which allows investors to pay only 20% tax on profit gains arising from the sales of the investment shares in the Company. Further information can be found on page 18 entitled Taxation.

## Application

The application form for this investment can be found at the last page of this document.

<sup>1</sup> The Properties are currently undergoing due diligence following the exchange of a letter of intent and an irrevocable option. In the unlikely event that an acquisition(s) does not take place, other property(ies) of similar quality will be purchased.



# Directors, Management Team & Advisors

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## Declan Kennedy FCCA.

Declan, an accountant, has spent his professional career bringing new capital- and tax-based investment products to the market, starting with the award-winning Irish Forestry Funds. More recently, Declan has managed several international property syndicates under the Augusta brand. The Company is similar to previous Augusta property structures insofar as it offers an asset backed, tax efficient and capital growth investment. Declan is a director of the Company.



## Philipp Graf von Matuschka B. Sc

Philipp, who was born in Ireland of German parents, speaks native German and has many strategic business contacts in Germany. In the past 5 years, Philipp has been actively involved in the international financial services industry and is an active investor and facilitator in the German property market. He has been a successful businessman for the past 20 years and involved in the incorporation and development of many successful start-up businesses both in Ireland and abroad. Philipp is a director of the Company.

The directors have personally invested in the Company.

**Colliers Property Partners**, Heuberg 1, 20354 Hamburg, will assist with the assessment of any properties purchased by the Company in Germany. Colliers Property Partners are part of the Colliers International Group, which has 241 offices in 54 countries, including Colliers Jackson-Stops in Dublin.

**Deloitte**, Deloitte & Touche House, Earlsfort Terrace, Dublin 2, will act as auditors and tax advisors to the Company.

**O'Donnell Sweeney Eversheds**, One Earlsfort Centre, Earlsfort Terrace, Dublin 2, will act as the Irish Solicitors to the Company.



"Declan has managed several international property syndicates under the Augusta brand"

# Section A

## Features of the Investment

### Germany - Economic Performance Size and Scale

Germany is the largest economy in Europe and one of the world's top five.

According to DESTATIS (the German Federal Statistics Office), economic growth in 2006 was at its fastest rate in more than six years.

Germany was the world's largest exporter in 2006 (OECD), benefiting from several years of economic and industrial reform, most recently under new Chancellor Angela Merkel.

With EU enlargement, Germany is now even more centrally located and ideally placed to serve new neighbouring accession economies. In 2006, for example, the value of German exports to Poland was more than double that of exports to Japan (DESTATIS, 2007).

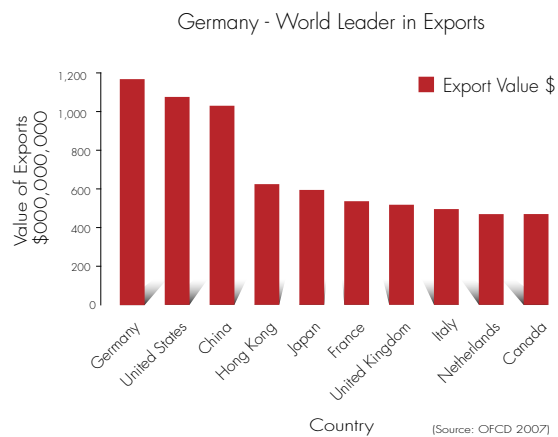
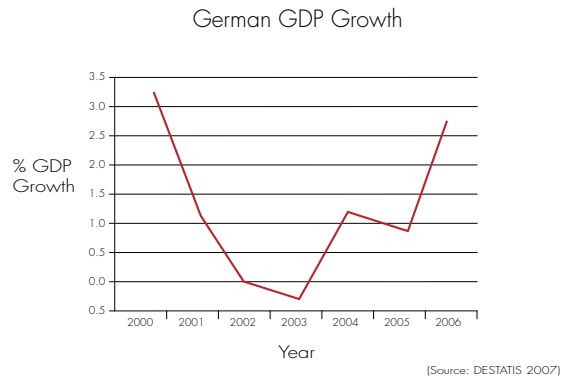
Germany's rate of unemployment fell to 9.3% in February - the lowest since August 2001 - after companies increased hiring and investment to meet booming export orders. A further drop is forecast for the rest of 2007.

The GfK Consumer Confidence Index's measure of income expectations jumped from 2.9 to 15.9 in March 2007, the highest in over 5 years.

### Trends

After a difficult economic period in Germany's modern history, while it re-assimilated the former East Germany, the domestic economy appears to be entering a period of growth and increasing business confidence. Growth forecasts for the German job market in 2007 are already being upgraded by the experts and consumers' income expectations are optimistic (GfK Research, April 2007). This overall positive view can be readily supported by a brief examination of the above key economic performance indicators for the country.

The above information would strongly suggest that previous indications of an improved German economy were accurate and that the rationale for inward property investment is solid.







## The Rationale for Investment in German Retail Property

### • Unprecedented Access

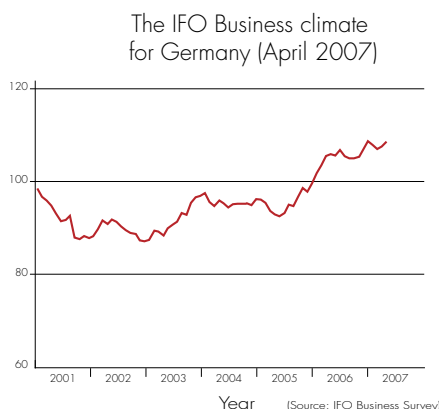
- o German retail investment property has always attracted a strong domestic demand. Until recently, German open-ended real estate funds could only invest in domestic property, leaving few opportunities remaining for overseas investors. However, a change in government legislation allowing these German funds to invest in overseas property, coupled with the general improvement of the German economy, is allowing overseas investors unprecedented access to German retail property.

### • Rental Yields

- o German property enjoys strong rental yields. The average yield on rental income for the German properties on APS's extensive database is 6.5% for 2006.
- o Rent reviews are typically linked to the German Consumer Price Index and are therefore maintained in step with general inflation.
- o In multi-tenanted properties, the lease term can vary from tenant to tenant. This can give the acquirer the possibility to extract a greater rent roll from tenants and thereby increase value.

### • Capital Appreciation

As property values are typically linked to rental income, any increase in rental income should have the effect of increasing the capital value of the property. The directors believe that expected yield compression in the German property market should additionally increase the capital appreciation of the Properties.





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## The Properties

FahrlachCenter,  
Gottlieb Daimler Strasse 25,  
68239 Mannheim, Germany





## FahrlachCenter, Gottlieb Daimler Strasse 25, 68239 Mannheim, Germany

The FahrlachCenter is a mixed-use building of 5,273m<sup>2</sup> situated on a 3,895m<sup>2</sup> plot. It is located in Mannheim, the second largest city in the German Federal State of Baden-Württemberg, behind capital Stuttgart.

### Mannheim

Mannheim is the largest city in the Rhine Neckar Triangle - a dense business region for engineering, electronics, biotechnology, pharmaceuticals and financial services. According to the 2005 census Mannheim has a population of over 307,000. It is a recognised transport and communications hub for German and European industry, with extensive road, rail, air and port connections. Major employers in the city include DaimlerChrysler, ABB and Siemens. The city of Mannheim also hosts 15,000 US military personnel and their families stationed around the city.

### The FarlachCenter

The Farlach retail centre is ideally positioned at the entrance to the city and serves a key Mannheim business and social community.

### Commercial Significance

The FarlachCenter's location allows its tenants to serve a significant business hub in Mannheim. It is at the entrance to the Farlach Industrial Estate, a business park housing employers such as Mercedes Benz, BASF, Agip and Siemens. The estate is also home to the Mannheim Grossmarkt - a 150,000m<sup>2</sup> wholesale centre with 130 businesses and an annual turnover of €310m.

The FarlachCenter begins serving the local business community at 4:30am and remains open until 10pm.

### Transport Links

The FarlachCenter is situated along the Mannheim entry/exit route to the A6 motorway, which links the German industrial heartland of the Ruhr to the North and Stuttgart to the south. The centre is adjacent to the Mannheim City Gates, the historic entry point to the city. Importantly, it is at the road entrance to the Farlach Industrial Estate. A new light rail line, serving Mannheim via the industrial estate, runs outside. The adjacent road junction has an expected throughput of 90,000 cars per day.

The FarlachCenter has 81 parking spaces, divided between overground and underground.

### Surrounding Amenities

The FarlachCenter is within 750m of the Luisenpark City Park and Zoo and a similar proximity to the 27,000 seater Carl Benz Stadium. The Mannheim Technology Museum is directly opposite the property.

### Tenancy

The FahrlachCenter is 87% let. The opportunity therefore exists to further enhance the value of the Property by reaching full occupancy. The Directors are confident that this is achievable.



"The Farlach retail centre is ideally positioned at the entrance to the city and serves a key Mannheim business and social community"

## Anchor Tenant

Fitness Park Pfitzenmeier is a major player in the German gym and fitness centre market, with a chain of 14 centres across Germany (Deloitte, 2006). The business was founded by former athlete and bodybuilder Werner Pfitzenmeier over 25 years ago. A recent Deloitte report places Fitness Park in the top 5 operators by total membership in Germany, itself the second largest fitness market in Europe. Fitness Park Pfitzenmeier has an annual turnover of approximately €28m on membership subscriptions alone.

Fitness Park Farlach is a 2,919m<sup>2</sup> facility (above average for the Fitness Park network) with approximately 3,000 active members. In addition to the fully-equipped gym and aerobics areas, it houses a cosmetic treatment centre, a bar, a swimming pool, sauna, solarium and roof terrace.

Fitness Park has been a tenant since 2001 and the lease extends to 2031.

## Key Tenants

### Hertz Car Rental

Hertz has a retail facility of 83.42m<sup>2</sup> and 20 dedicated parking spaces. Hertz has been a tenant since 2001.

### McDonald's

The international food chain has a 517m<sup>2</sup> restaurant with a drive-thru facility. McDonald's has been a tenant since 2001

## Other Tenants:

Tenant	Description	Area (m <sup>2</sup> )	Monthly Rent	% of total rent
Pfitzenmeier Fitness Park	Fitness Centre	2,919	€20,409	41.1%
Mc Donald's	Restaurant	517	€15,339	30.9%
K+M Kaminofen GmbH	Retailer - Stoves and Fireplaces	518	€3,857	7.8%
Hertz Car rental	Car Hire Company	83	€3,477	7.0%
Klafs Saunabau	Sauna and Spa Equipment	209	€2,770	5.5%
Digitaldruck Graze	Printshop	239	€1,940	3.9%
Grimminger GmbH	Café & Bakery	62	€1,892	3.8%
TOTALS		4,547	€49,684	100.00%

"In addition to the fully-equipped gym and aerobics areas, it houses a cosmetic treatment centre, a bar, a swimming pool, sauna, solarium and roof terrace."





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City-Center,  
Dudweilerstrasse 26-30 & Kaiserstrasse 1,  
66111 Saarbrücken, Germany





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## City-Center, Dudweilerstrasse 26-30 & Kaiserstrasse 1, 66111 Saarbrücken, Germany

City-Center, a mixed-use building of 5,856m<sup>2</sup> situated on a 1,100m<sup>2</sup> plot, is located in the German city of Saarbrücken, capital of the Federal State of Saarland. As the name suggests, the Property is a very central landmark building, with a distinguished period façade fronting onto both Kaiserstrasse and Dudweilerstrasse.

City-Center enjoys rental income from four sources: offices let to the Federal Government, commercial office suites, a medical centre and retail units on the ground floor.

### Saarbrücken

As the state capital, Saarbrücken fulfils an important political and administrative role in the region. The Gothic-style City Hall is one of Saarbrücken's foremost buildings and a focal point for the city community. As of the most recent census, Saarbrücken city has a population larger than that of the cities of Cork and Limerick combined.

The Saarland state borders both France and European administrative centre Luxembourg, with which it shares the honour of hosting 2007 European Capital of Culture. Having been part of French territory on more than one occasion in the past, it retains a Gallic atmosphere and an appreciation of good cuisine and culture.

Formerly at the centre of an industrialised region, in which coal-mining played a major role, Saarbrücken is now predominantly a service centre for the area. Principal employers in the city include Peugeot, AOL and DaimlerChrysler Bank. One of Ford's main European manufacturing plants is nearby in Saarlouis.

### City-Center

City-Center is located on the junction of Kaiserstrasse and Dudweilerstrasse, two of Saarbrücken's main streets.

### Commercial Significance:

Both Kaiserstrasse and Dudweilerstrasse are established, central retail streets. Parallel to Kaiserstrasse is Bahnhofstrasse - the city's retail 'Golden Mile'. Adjacent is the City Hall, administrative centre for Saarbrücken. Their central location and importance make Dudweilerstrasse and Kaiserstrasse both high-footfall areas

### Transport Links

A tram service runs directly outside the Property and stops at the junction. It is similarly well-served by bus. Dudweilerstrasse links Saarbrücken with Alt-Saarbrücken across the river Saar. The main rail station, connecting Saarbrücken by high speed train to Paris and the rest of Germany, is 10 minutes away and the motorway exit 5 minutes away. Saarbrücken airport links the city with several other German cities and Luxembourg. Luxembourg, Strasbourg and Frankfurt airports are within easy reach.

### Tenancy and Income

City-Center is 83% let. The opportunity therefore exists to further enhance the value of the Property by reaching full occupancy. The Directors are confident that this is achievable. In fact, negotiations are already at an advanced stage to let the largest currently vacant unit.

"The anchor tenant is the Saarbrücken City Government which represents 41% of the rental income."





## Anchor Tenant

The anchor tenant is the Saarbrücken City Government which represents 41% of the rental income. The City has been a tenant since 1981 and the lease extends to 2020.

## Key Tenants

### KKH Die Kaufmännische

KKH is Germany's 4th largest health insurer, with 2 million customers. Health insurance is mandatory in Germany. KKH represents 16% of the rental income. KKH has been a tenant since 1991.

## Other tenants

Several retail tenants take advantage of City-Center's location (See below)

Tenant	Description	Area (m²)	Monthly Rent	% of Total Rent
GMS Saarbruecken	City Government	2,267	€18,841	41.2%
KKH	Health Insurer	772	€7,177	16.0%
Apotheke Dr. Ulrich	Pharmacy	130	€5,113	11.2%
Schlecker	Drugstore	196	€2,556	5.6%
KULTOUR	Retailer - Event Tickets	26	€1,794	3.9%
Bilgic Cengit	Internet Café	80	€1,200	2.6%
"City-Stuebchen"	Restaurant	49	€971	2.1%
Kirmizi Duygu	Restaurant	185	€862	1.9%
Mini shop/snack bar - Umut Hasan	Retailer	25	€500	1.1%
Dr. Jessinghaus	Medical Suite	180	€1,500	3.3%
Dr. Marzen	Medical Suite	190	€1,380	3.0%
Dr. Sattler	Medical Suite	180	€1,380	3.0%
Drs. Reinert/Fickinger/Hoefer/Wagner	Medical Suite	382	€2,060	4.5%
Sidaoui	Office Space	55	€280	0.6%
TOTALS		4,717	€45614	100.0%

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## Advantages of Investing into the Company

Investment in German commercial property through the Company has a number of advantages, including:

### 1. Directors' Experience in the German Property Market

Acquisition costs incurred in purchasing German property can be as high as 12% of the purchase price. However, the Company has negotiated improved rates with various professional advisers, brokers, etc allowing it to keep its acquisition costs relatively low. Similar syndicates have been managed by the directors that incurred less than 8% acquisition costs, including VAT.

### 2. Sector

Retail property investment is the top performing asset class in Germany for the past ten years. Until recently, the availability of quality properties to overseas investors has been limited. International investment is now competing with German investment to secure good retail property, placing it in high demand. The Company is well placed and well advised to source suitable quality investment vehicles in this competitive environment. By investing in a syndicated property company, investors can share in the economies of scale and resultant enhanced returns associated with the acquisition, establishment and management of entire commercial property units.

### 3. Rate of Return

The German property market has, since German reunification, been under-performing relative to many other European property markets. There is evidence to show that this trend has reversed and that the property market is strengthening - in line with the economy in general. This contrasts with Ireland, where - as a very mature property market - yields are at an unattractively low level. Purchasing German property near the bottom of this value cycle in an up-turning market should, due to potential capital appreciation, offer substantially enhanced returns for investors.

### 4. Lower risk

Investors will beneficially hold shares in a company that will borrow money, on a non-recourse basis to investors, to purchase already established properties, with pre-existing tenancy arrangements.

### 5. Tangibility

Property is tangible. This tangibility provides sufficient security to financial institutions, which should enable the Company to raise bank finance to part finance the purchase of the Properties.

### 6. Taxation

The Company is structured so as to maximise the after tax return for Investors. The properties purchased by the Company will be let during the investment period in order to yield annual rental income. This rental income, after allowable costs and expenses, in particular bank interest on the borrowings and tax depreciation, will be subject to German income tax at 26.375%.

Capital gains receivable by Irish tax resident investors on the disposal of their shares would be liable to Irish Capital Gains Tax - currently 20% on the gain arising from the disposal of their shares in the Company.

### 7. Financial Strategy

A fundamental part of the Company's investment strategy is to repay, on an ongoing basis, any finance debt where possible, thus reducing the amount of money owed to the bank in terms of principle amounts and potential interest repayments. The Company enters into appropriate fixed and variable interest rate agreements with lenders.





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## Exit Mechanism

Following the expiry of the 5-year investment period, it is the intention of the directors to exit the investment by way of a sale of shares in the Company. The net surplus will then be distributed to the investors.

However, prevalent market conditions and tax law at that time may make it more appropriate to sell the Properties within the Company and to distribute net funds after the winding up of the Company.



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## Risks

As with every leveraged property investment, there are risks involved and it is possible that returns could fall short of those illustrated or in fact, in a worst case scenario, may be negative. Conversely, it is also possible that actual returns could exceed the illustrated returns, as outlined on page 22.

The following list of risks is not comprehensive, but is intended to give an outline of the risks which intending investors need to consider. Independent advice should be sought and satisfaction should be obtained as to the suitability of investment into the Company prior to proceeding with same.

If investors are in any doubt about the contents of this document, they should consult a qualified professional.

### Inherent

Investment in the German property market, like any other market, is speculative and involves a degree of financial and commercial risk.

Historical facts, information gained from historic experience, present facts, circumstances and information, and assumptions from all or any of these are not a guide to the future. Aims, projections, forecasts, plans and intentions referred to herein are no more than that and do not imply or predict actual returns.

There is no guarantee that investors will recoup the full amount of their original investment upon the completion of the investment term.

Tax law and / or practice in Ireland or Germany may change with consequent adverse effects on the taxation aspects of this proposal.

## The Properties

The future value of the Company is dependent on the future value of the Properties. Property values are influenced by several factors, including, but not limited to, the level of rent a property will command, rental yield and the quality of the lease entered into in respect of the property.

As with all leased properties, there may be periods during which some of the Properties purchased by the Company are vacant due to unforeseen circumstances and / or market conditions.

The Properties described in this document may not be purchased. If another property is purchased, it may not present precisely the same advantages.

Any downturn in Germany's economy could affect the demand for property with a resultant adverse impact on the German property market.

Unforeseen circumstances may result in delays in the Company's activities or in it incurring additional costs with regards to the acquisition, disposal and/or the maintenance of the Properties.

Property and property related assets are inherently difficult to value. As a result, valuations are subject to some uncertainty. While valuations will be obtained for disposal purposes, there is no assurance that the estimates resulting from the valuation process will be reflected in the actual sales price even where such sales occur shortly after the valuation date.



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## Gearing

The Properties will be purchased using gearing, or bank borrowing. There is a possibility that, in the event of a decline in the Properties' valuation, the value of investors' interests in the Company might be less than the sum of their investment into it. While gearing by its nature increases the risks and rewards associated with investing, it should be noted that the debt will be provided on non-recourse terms to the investors.

There is no guarantee that the Company will be able to secure suitable borrowing facilities. In addition, where the Company obtains borrowings, there can be no guarantee that circumstances would not arise whereby the Company would be unable to meet its repayment obligations, leading to foreclosure by the relevant lender.

## Liquidity

It should be noted that the proposed investment is structured as a medium term investment of approximately five years, therefore, it may not be possible to encash or realise the investment prior to its maturity. It may also be the case that the management company may not be able to procure the disposal of the Company or that the Company may not be able to dispose of the Properties at the end of the investment period due to market conditions or other unforeseen circumstances in which case the disposal of the Properties could be delayed.

## Interest Rates

Interest rates may rise resulting in increased interest payments on borrowings taken out by the Company. This being said, in accordance with conservative financial policy, the directors anticipate entering into appropriate hedging arrangements to minimise interest rate risks.

Interest rate increases could have an adverse impact on the property market.



"If investors are in any doubt about the contents of this document, they should consult a qualified professional."

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## Taxation

The information contained herein is based on our understanding of tax legislation and the current interpretation thereof and is subject to change without notice. It is intended as a guide only and is not a substitute for professional advice. You should consult your tax advisor about the rules that apply in your individual circumstances. It is possible that any legislative changes may have a retrospective effect, thus the tax treatment for an investor may be subject to variation.

### Corporate Investment Structure

The acquisition of the Properties is to be structured as follows:-

The Fifth Augusta Nominees Limited is an Irish registered nominee company. It will act as a vehicle for collectively investing the funds raised from the Irish individuals into The Fifth Augusta Syndicate - Germany GmbH, which is a German tax resident company. The Irish individuals' investment will be structured as 100% equity (i.e. share capital).

The German company will use the funds raised from the Irish investors in conjunction with third party debt to acquire the Properties.

It is intended that the Company's shares will be sold in approximately 5 years time. The net proceeds will be distributed to the investors via the Nominee Company.

### Tax on Rental Income

(i) German Tax Implications

German corporate income tax, currently at a rate of 26.375%, will be payable by the German company on any net rental income. Profit rent for tax purposes is calculated after deducting interest, hedging, other borrowing costs, management fees and German tax depreciation. Tax depreciation is applied at the rate of 3% for commercial property.

Trade Tax

Provided the German resident company is only involved in the administration of the assets and not trading activities, German trade tax should not apply. In principle, the ownership and leasing of two German real estate properties in a company is regarded as asset management activity and not business activity for trade tax purposes. Broadly speaking, the German tax authorities consider a business activity to occur if within a period of 5 years, more than 3 properties have been sold ("three-object test") and also if commercial activities are carried out by the company.

(ii) Irish Tax Implications

No tax should be payable in Ireland on profit rent provided no distributions are made to the investors.

### Tax on Disposal of Investment

The German and Irish tax treatment of a sale of shares in the Company would be as follows:

**German Tax**

There should be no German tax arising on the sale.

**Irish Tax**

The Irish investors would be liable to Irish Capital Gains Tax - currently at the rate of 20% on the gain arising on the sale of the shares in the Company.



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## Sale of Properties and subsequent liquidation of the Company

Should market conditions not permit the sale of the Company, the properties may be sold separately and the company wound up. In this circumstance the German and Irish tax treatment is as follows:

### German Tax

Under current German tax law, German corporate income tax at a rate of 26.375% will be payable by the Company on the difference between the market value and the tax written down value of the properties. On a subsequent liquidation of the Company, a 10% withholding tax would apply on the distribution of the sales proceeds to Irish investors.

### Irish Tax

There is no Irish tax payable on the disposal of the German properties by the Company. Once the properties are sold the German company can be liquidated and the proceeds of the liquidation can be distributed to the Irish investors. As mentioned above, German withholding tax at a rate of 10% applies to the proceeds received on liquidation. As any distribution of funds after the assets have been sold would be taxable under Corporate Income Tax rules in Germany and under Capital Gains Tax rules in Ireland, relief for the 10% German withholding tax paid would be allowed by way of a deduction in the Irish Capital Gains Tax computation.

## Inheritance Tax Issues

The transfer of shares in a German company on the death of an investor would be liable to Inheritance Tax in Germany and Capital Acquisition Tax (CAT) in Ireland.

### German Tax

On the death of an investor, the transfer of shares in the company could give rise to German Inheritance tax in certain circumstances. If the deceased shareholder holds 10% or more in the share capital German Inheritance tax is applied.

German Inheritance tax arises at progressive rates between 7% and 50% depending on the value of the shares transferred. The amount of tax payable is also dependent on the relationship of the beneficiary to the shareholder.

### Irish Tax

CAT would apply in Ireland at a rate of 20%. Transfers to spouses are exempt from CAT and gifts or inheritance to children can be exempt up to a maximum of €496,824.

The Double Taxation Agreement between Ireland and Germany does not make provision for Inheritance tax, however, the Irish Revenue Commissioners will give unilateral relief for any German Inheritance tax imposed.

## Real Estate Transfer Tax

Real Estate Transfer Tax ("RETT") at a rate of 3.5% will be applied to the acquisition cost of the Properties. In purchase agreements, the tax burden will typically be assumed by the purchaser. However, by law the contracting parties are jointly and severally liable for RETT.

## General

The information contained herein is based on the understanding of tax legislation and the current interpretation thereof and is subject to change without notice. It is possible that any legislative changes may have a retrospective effect. Thus the tax treatment for an investor is subject to variation.

This section has necessarily been written in general form and does not take account of the particular circumstances of each investor. Investors should take separate advice on issues relevant to their own circumstances.

This outline of the tax implications of the transaction is based upon the understanding that all the investors are Irish tax resident individuals. Separate advice should be obtained where this is not the case. The analysis is based upon the assumption that the Company would not be considered as a close company in accordance with Irish tax legislation, had the company been Irish resident.

## Section B

# Fees and Charges

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### Management company fees and charges

No remuneration will be paid to the directors of the Company, in their capacity as such. There are common directorships between the Company and APS. The fundraising costs, professional set up fees and marketing costs are paid to APS in order to discharge third party costs. Where these costs exceed the stated amounts APS will absorb the difference, however where the costs are less APS will retain the difference. APS will receive one third of the broker fees. APS will receive the full benefit of the annual management charge. See assumptions v, vi and vii in Section D.

Banks sometimes choose to compensate for work done in supporting the arrangement of loans. Should APS receive any such offer of compensation, it will only be accepted where it is made on an arm's length basis and the loan terms are agreed at standard commercial terms.

### Incentive

APS have also agreed with the Company that it will receive a performance incentive of 15% of any IRR over 12.5%.



# Section C

## Corporate Structure

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### Share Capital and Structure

The Issued and Authorised Share Capital of the Company is €25,000. Investment into the Company will be by way of the purchase of Units. These Units will be issued in denominations of €10,000. The minimum investment is €50,000 and further units of €10,000 may also be purchased.

For corporate governance reasons, the Company may also issue certain of the largest investors with additional shares in the Company. These shares will afford such investors the right to vote as shareholders of the Company. These shares will not however, in any way, entitle such shareholders to receive any return in excess of their original investment or to have their investment treated in a manner which would be inconsistent with that of other investors. These shareholders may be required to enter into a shareholders agreement.

An Irish registered nominee company, The Fifth Augusta Nominees Limited (the “Nominee”), has been established to facilitate investment into the Company. The investors’ Units will be issued to the Nominee. The Nominee will hold Units on behalf of the investors pursuant to terms of individual Nominee Agreements and will issue a Nominee Certificate to the investors evidencing same.

### Material Contracts

The Company has entered into a Heads of Terms Agreement with APS Augusta Property Services Limited (“APS”) in connection with the future management and administration of the Company. APS and the Company have common directors.

### Directors’ Interest

The directors, in their personal capacity, have provided the seed capital for the Company and, as such, will benefit from any increase in value, along with other investors, upon the final disposal.

### Reports to Investors

Investors will receive an annual report comprising a review of the Company’s performance during the year, audited accounts, and a valuation of the Company. A regularly updated web site will show the progress of the Company. This website can be found at [www.augusta5.ie](http://www.augusta5.ie)

### Contact Details

The Fifth Augusta Syndicate - Germany GmbH  
c/o The Fifth Augusta Nominees Limited  
Longford House  
Longford Place  
Monkstown  
Co. Dublin.  
Email: [info@augusta.ie](mailto:info@augusta.ie)  
Phone: 01 2300858  
Fax: 01 2300868



# Section D

## Illustrative Financial Returns

### Key Assumptions

Illustrative financial returns have been calculated using the following key assumptions:

- i. The Company receives a total of €5.25 million from the Placing;
- ii. The Properties are purchased for €15 million using debt finance as to 75% of the property cost;
- iii. An amortisation of 2.5% of the Bank loans are paid per annum and surplus cash is used to pay off bank borrowings as and when practicable;
- iv. Interest rate on borrowings averages at 5.21% for the five year period;
- v. Initial costs comprise of fundraising costs of 3% and professional set up fees & marketing costs of 2% of total equity investment;
- vi. APS's annual company management charge will be 0.75% of the initial capital cost of the Properties;
- vii. Property purchasing costs of 3.5% for stamp duty (RETT), 3% for broker fees and 1.4% for legal, notary and survey fees;
- viii. Annual owner's maintenance of 0.3% of the cost of the Properties. Property management charge 3.5% of rental income;
- ix. Income tax payable on rents in Germany remains at 26.375%;
- x. The Company is sold at a targeted exit yield of 7.0%;
- xi. Where applicable, VAT at the prevailing rate will be added to the above charges.

### Potential Investment Returns

The below returns are based upon the above assumptions.

Unaudited illustrative projected returns, net of APS's performance incentive:

Initial Investment	€50,000	€100,000	€150,000	€250,000	€500,000
Projected Distribution in Year 5	€97,938	€195,877	€293,815	€489,692	€979,384

"An initial investment of €50,000 should yield over €97,000 after 5 years."





# Section E

## Application Procedure

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### Procedure and conditions for application

To participate in the Company, completed application forms must reach the Company by the closing date. The applications list will close on 8th June 2007 (the "Closing Date"). The directors reserve the right to reject any application in whole or in part and also to extend the Closing Date. The Company will not proceed unless a minimum investment level of €2.625m has been received. Monies will be returned to the applicants, without interest, within 28 days after the Closing Date if the minimum subscription level is not achieved.

The minimum subscription which an investor may make is €50,000. Subscriptions above this minimum level must be made in multiples of €10,000. It is possible to apply for Units on behalf of others and in joint names where required provided that the minimum amount invested by each joint investor is at least €50,000. Any subsequent disposal of Units must not be in amounts of less than €50,000.

Once an investor's application has been accepted by the Company, the investor will be issued with a Nominee Agreement for signature and return. The Nominee Agreement will regulate the relationship between the Nominee and investor and also provides for the manner in which investor funds are to be held and invested by the Nominee. The investor must return the signed Nominee Agreement to the Company within 21 days of the Closing Date.

Applications to participate in the Company will be considered only on the terms and conditions of this document. A completed application form will be accepted only if it is accompanied by an appropriate subscription payment. If a discrepancy arises between the application form and monies tendered, the amount of monies tendered will be taken to be indicative of the number of Units to be allotted.

The directors may, at their absolute discretion, without assigning any reason, decline to accept an application for Units in the Company without liability for interest and any resulting loss or damage.

The directors may, at their absolute discretion, without assigning any reason, alter the investment structure or legal structure outlined herein.

### Checklist for application

- a) Completed application form and
- b) Cheque / Bank Draft made out to The Fifth Augusta Nominees Limited. Please ensure cheques are crossed and marked "A/C Payee, Not Negotiable".

### Send to

The Fifth Augusta Syndicate - Germany GmbH  
c/o The Fifth Augusta Nominees Limited  
Longford House, Longford Place  
Monkstown, Co. Dublin.

So as to be received no later than 6.00 p.m. on 8th June 2007.  
Please use the prepaid envelope provided.

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## Application form

The Fifth Augusta Syndicate - Germany GmbH  
c/o NSL Consulting GmbH  
Charlottenstrasse 57  
D - 10117 Berlin  
Germany

I hereby apply for \_\_\_\_\_ Units of €10,000 each at a subscription price of €10,000 each and enclose a  
Cheque / Bank Draft in the amount of € \_\_\_\_\_ \*

### Please use block capitals

Please tick: Mr. ☐ Mr. & Mrs. ☐ Ms. ☐ Mrs. ☐ Other \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

1. I/we hereby accept that, subject to the compliance by the directors with their duties and obligations, under no circumstances whatever shall I be entitled to hold the directors liable for any default, act or omission by the directors or the failure or loss of any kind by the Company.
2. In the event that I/we do not, within 21 days of the Closing Date, return a signed Nominee Agreement to the Company, at the address set out above, I/we hereby irrevocably appoint either of the directors of the Company as my/our attorney with full power and on my/our behalf to enter into the said Nominee Agreement on my/our behalf.

Signature: \_\_\_\_\_

\* Note - the Minimum investment level is €50,000 per investor