





# Introduction & Summary

The Augusta Private Syndicate GmbH ("the Company") has been established to raise, with the assistance of bank borrowings, €8.2m for the purchase of Friedrich - Bergius - Strasse 10 - 16, Wiesbaden, a self contained retail complex in Wiesbaden's busy suburban retail district.

Investments of a minimum €250,000 (and units of €50,000 thereafter) can be financed with cash, with a bank loan and / or via a pension plan, be it a Small Self-Administered Pension (SSAP) or a Pension Trust. The Company will make quarterly tax-neutral distributions totalling 4.8% per annum, which may facilitate the cost of financing an investor's stake.

## Return to Investors

**If the assumptions in this document are achieved, investors should achieve a return of 22.2% per annum compound on their original investment in approximately 2 years time.**

## 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 this investment structure. These risk factors are set out on in the section entitled "Risks". You should read this section carefully.

## Management Company

With over €100m of property under management, APS Augusta Property Services Limited ("Augusta") has an extensive track record in assisting the purchase, development and management of commercial properties in the UK and Germany. Augusta directs a management team on the ground in Germany to assist with the development, maintenance and letting of properties under its management.

## The Directors

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 and Management team are also investors in the company.

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

Investors should achieve  
a return of 22.2% per  
annum compound on their  
original investment.



# Germany - Economic Performance

Throughout 2007, consumer confidence and buying propensity remained at a high level in Germany. In addition to this, unemployment also fell to its lowest level in six years and is now 7.9% and falling. These trends are expected to continue in 2008 with the German government predicting further economic growth in the year ahead, reaffirming the country's position as Europe's largest economy.

## Shock Resistance

- Germany is the world's largest exporter, with strong and successful manufacturing companies, excellent R&D capabilities, thriving chemical and biotech industries and an international reputation for high quality goods and services.
- With 75% of Germany's exports staying within Europe it is shielded from most currency market volatility.
- Half of Germany's output feeds the domestic market, making the economy relatively self-sufficient and insulated against drops in international demand.
- With low credit consumption and only 50% home ownership in Germany, German banks are considerably less exposed domestically to a credit-default shock such as the US experienced.

## The Rationale for Investing in German Property

- From an international viewpoint, particularly an Irish one, German Property is undervalued. Commercial rents – compared with peer countries – are at the early growth stage in the rental cycle. Where retail and office rents in London and Dublin are peaking and even contracting, German rents are now increasing, having bottomed out during post-unification redevelopment.
- Retail property is still seeing a revival. The pickup in spending and, more importantly, the high consumer confidence levels for 2007 and 2008 are driving rents and occupancy rates up in all parts of the country. DEGI Research estimates that prime retail rents increased by 3.6% in 2007.
- Germany has added over 750,000 people in 12 months to the workforce in a climate of continuously falling unemployment. German office space take-up is rising in parallel, as employers seek more capacity for expanded staffing levels. Property acquired with vacancy has increasingly better possibilities of early letting.

### Ireland

Prime Retail Rents – Dublin\* =

€4,951/m<sup>2</sup>

Shopping Centre Space – Ireland\* =

306m<sup>2</sup>/'000 pop.

Shopping Centre space growth by 2012\*\* =

60%

Consumer Confidence shift Jan 06 to Dec 07 =

-25.8 points

\*Dec 2006 Jones Lang LaSalle

\*\* 2007 Bank of Ireland

### Germany

Prime Retail Rents – Berlin\* =

€2,200/m<sup>2</sup>

Shopping Centre Space – Germany\* =

120m<sup>2</sup>/'000 pop.

Shopping Centre space growth by 2010\*\* =

20%

Consumer Confidence shift Jan 06 to Dec 07 =

+8.5 points

\*Dec 2006 Jones Lang LaSalle

\*\* 2007 DEGI Research



# Property: 10-16 Friedrich-Bergius-Strasse, Wiesbaden, Germany

## Location:

Wiesbaden is one of Germany's most affluent cities and economically ranks in the top 10. It has a population of 275,000 and a sizeable US Military presence of 18,000. It is the state capital of Hessen, the federal state containing the cities of Frankfurt, Darmstadt, Offenbach, Kassel and Giessen. It is part of the Rhein Metropolitan Area of 5.5 million people, which includes the cities of Frankfurt and Mainz and is one of Germany's commercial hubs. Wiesbaden is the location of some 20,000 companies, including Abbott Pharmaceuticals, Dow Chemical, Aareal Bank, Winterthur, Delta Lloyd Group, Panasonic and Ferrari Deutschland. It is recognised as a German insurance centre, with 70 insurance companies holding 30 million direct insurance policies and 9% of the domestic life market. It is the centre of Germany's film industry.

In its annual study, German business magazine "Cash" rated Wiesbaden as the country's second best real estate investment destination. With high purchasing power, it has a thriving retail sector, much of which is centred in suburban retail complexes. The area around Friedrich-Bergius-Strasse is a very good example, with 2 large DIY store chains, furniture multiples, clothing outlets, supermarkets and fast food chains – among others – represented.

The property is a busy retail complex in a commanding location in this retail district.

## Wiesbaden Facts:

- State capital of Federal State of Hessen
- Population: 275,000
- Income per capita: Ranked 3rd in Germany
- Transport links: Frankfurt airport 15 minutes, hi-speed ICE rail, access to 4 autobahns
- Unemployment (Wiesbaden City & Suburbs vs. Germany total): 6.6% vs. 7.9%

## The Property:

Friedrich-Bergius-Strasse 10-16 is a modern, standalone retail complex, currently comprising four retail units and one office unit. Total plot area is 6,109m<sup>2</sup>. Total rentable area is 3,612m<sup>2</sup>. Built in two stages – in 1995 and 2002 – it is in excellent condition. It is located on a very busy intersection at the heart of Wiesbaden's suburban retail district, with frontage onto 2 streets and vehicular access from Friedrich-Bergius-Strasse. There are approximately 75 overground parking spaces. The retail units are fully let.

- Asking price: €7.2m
- Current Net Rent: €571,134
- Yield: 8%
- Excellent covenants
- Further rental growth potential



# Tenants:

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- **Activsport AG**  
Owner of the BikeMax / SkiMax chain of outdoor sports stores across central Germany, Activ Sports was established in 1979 and employs 300 people in its headquarters. BikeMax / SkiMax stores stock a wide range of equipment for biking, hiking, skiing, snowboarding and other outdoor pursuits.
- **Vodafone**  
Vodafone D2 is the second largest mobile operator in Germany with 32.5m customers and 35% market share. This Wiesbaden store stocks Vodafone D2's range of mobiles and offers various mobile contract types.
- **WIV Wein International AG**  
WIV Wein International AG is the world's largest direct - selling wine company with 6,000 employees operating in over 20 countries. It has annual turnover approaching €500m (FY'05), of which 40% is earned in Germany. Among its main sales channels is VINO Wine und Ideen, a chain of large wine retail stores across the country, one of which is in Friedrich - Bergius - Strasse, Wiesbaden. Each store stocks over 500 labels from all the world's wine-producing regions.
- **Tchibo Group**  
Tchibo is a retail brand with 99% awareness among Germans. With a turnover of €9 billion, profits over €1 billion and 30,000 employees, Tchibo Group is one of Germany's largest consumer goods and retail operators. Known originally for its coffee and cafés, Tchibo has in recent years expanded into lifestyle consumer goods. Part of its international network of 1,200 shops is the Tchibo Prozente chain of outlet stores, one of which is in Wiesbaden.

This unit is sub-let from L&S Deutschland Schuhhandels GmbH, whose Head Office is on nearby Hagenauer Strasse. Owner of the Germany - wide Shoe 4 You retail chain, they have indicated their willingness to extend the lease past 2010, whether or not Tchibo remains as sub-tenant.

- The office unit is currently vacant.
- Lease lengths vary, with Activ Sports and VINO running to 2018 and 2017 respectively. Tchibo's and Vodafone's leases end in 2010, when scope exists for increases or tenant rotation.
- Rent levels and demand for space in this area are strong and increasing.



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# Asset Management Opportunities:

A number of contractual index-linked rent increases are due on certain leases in 2009, 2011, 2012 and 2013, which should lift the rent to €615,071 by 2013. The impact should be an increase in value of the Property of approx. €415,000 at the exit point.

Additionally, the Directors are confident of an early letting of the vacant office space at approx. €10 / m<sup>2</sup> / mth. The incremental rental income stream to the Property should increase its value further by approx. €370,000 at the exit point.

Scope exists to create an extra retail unit from an unused section of the unit let to Vodafone – unlocking further rental potential for the complex and leaving Vodafone with a more cost-effective lease. Negotiations will start immediately after purchase. The impact of letting this extra space would be to further increase annual rental income to the region of €674,000 by 2013. This should further increase the Property's value by approx. €230,000 at the exit point.

## Projected Return:

As outlined, Wiesbaden is a very attractive area for retail property investment in Germany. Yields are compressing in this area as demand for space increases. A rent multiplier at exit of 14.8 (6.75% yield) is achievable in this district – setting the selling price at €9.25m.

**This would deliver an IRR of 22.2% per annum over the 1.75-year term.**

**Based on an initial investment of €250,000, a return of €348,000 before tax and net of all fees and charges would be payable, should the projections be met.**

The following assumptions have been made in the above assessment:

Interest is capped at 5.63% with debt providing 77% of the property purchase.

Property purchase costs are approx. 8.7% to pay for RETT (Stamp Duty), broker & sourcing fees, legal and professional fees.

Syndicate setup costs are 0.75%.

Landlord's provision for repairs of 0.3% of the cost of the properties and onsite property management charge of 2% of rental income.

Based on an initial investment of €250,000, a return of €348,000 would be payable.



# Corporate Structure & Fees

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## Share Capital and Structure

The Issued and Authorised Share Capital of the Company is €25,000. An Irish registered nominee company, Augusta Private Nominees Limited (the "Nominee"), has been established to facilitate investment into the Company. Investment into the Company will be by way of the purchase of Units in the Nominee. These Units will be issued in denominations of €50,000 and will comprise a combination of loan stock and equity in the Company. The minimum investment is €250,000 and further units of €50,000 may also be purchased.

A projected distribution of 4.8% per annum (payable quarterly and commencing in September 2008) is intended to be made. For tax purposes, this distribution can be classed as a repayment on the loan stock and is therefore tax neutral.

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 ("Augusta") in connection with the future management and administration of the Company. Augusta and the Company have common Directors.

## Directors' Interest

The Directors and Promoters have provided the seed capital to establish the Company and will retain 2.5 Units. As such, they will benefit from any increase in value, along with other investors, upon the final disposal. They will not receive the quarterly distribution.

## 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 Property. Investors will be periodically informed of any developments of note with the Property.

## Contact Details

c/o Augusta Private Nominees Limited  
Longford House, Longford Place, Monkstown, Co. Dublin.  
Email [info@augusta.ie](mailto:info@augusta.ie)  
Phone 01 2300858, Fax: 01 2300868

## Management company fees and charges

Entry Charge: 3% of shareholder investment (payable to intermediaries where applicable)

Annual Management Fee: 1% of initial property cost

Performance Incentive: The investment must deliver an IRR in excess of the hurdle rate of 12.5% for Augusta to receive a performance incentive. This will be 15% of any return over 12.5%.

No remuneration will be paid to the Directors of the Company, in their capacity as such.



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

## 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 projected returns herein may be affected where an investor fails to make appropriate disclosures to Revenue or fails to file appropriate tax returns.

## The Property

The future value of the Company is dependent on the future value of the Property. 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 the Property purchased by the Company is vacant due to unforeseen circumstances and / or market conditions.

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 Property.

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.

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





# Taxation Issues

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The Information contained herein is based on the opinion provided to the Company by Deloitte and is subject to change without notice. It is intended as a guide only and is not a substitute for professional advice. It is possible that any legislative changes may have retrospective effect and thus impact the tax treatment for an investor.

## Taxation on the rental income from the German property

### German Tax

German corporate income tax, currently at an effective rate of 15.825%, will be payable by the Company on any net income. Profit for tax purposes is calculated after deducting interest, hedging, other borrowing costs, management fees and German tax depreciation. Tax depreciation is applied at rates of 3% for commercial property.

#### 1. Offshore Funds Legislation

On the basis that the Company is not a regulated entity, the investment should not be treated by the tax authorities in Ireland as an investment in an offshore fund.

#### 2. Repayments on Investor Loan Stock

As the repayments of loans from The Augusta Private Nominees Limited to the investors is not a distribution for Irish tax purposes, no tax will arise where these loans are repaid by the Nominee to the Irish investors.

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### German Tax

In case of an interest-free loan not falling due within one year, the debt has to be discounted at a rate of 5.5% at the level of the Company. Thus, the discount will lead to extraordinary income in the year of borrowing whereas the addition of accrued interest will lead to extraordinary expense in the following years. As the German tax system does not define the taxable income on a schedular basis, the extraordinary income that is borne by the discount can be offset against other expenses of any kind.

## Tax on Disposal of Investment

### **(a) Sale of Shares in The Augusta Private Syndicate GmbH**

The intended exit strategy is the sale of the shares in the Company.

### German Tax

There should be no German income tax arising on the sale of Company shares.

### Irish Tax

The Irish investors would be liable to Irish capital gains tax at a rate of 20% on the gain arising on the sale of the shares in the Company.



# Taxation Issues Contd.

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## Tax on Disposal of Investment contd.

### **(b) Sale of German properties and wind up of the Company**

Should market conditions at the time not permit the sale of shares in the company, the Directors may then sell the properties, with the proceeds of the disposal of the assets being distributed to the shareholders on wind-up of the Company. In these circumstances the German and Irish tax treatment is as follows:

#### **German Tax**

German corporate income tax at an effective rate of 15.825% will be payable by the Company on the difference between the sales price and the tax written down value of the properties.

Provided the Company is only involved in the administration of the assets and not trading activities, German trade tax should not apply. However, an investment period of 2 years can be seen as strong evidence that the Company has been engaged in a property trade rather than the holding of properties for investment purposes. Therefore, where the properties are sold by the Company and the proceeds are then distributed on its winding up, the risk of assessment to trade tax is increased.

#### **Irish Tax**

Once the properties are sold, the Company can be liquidated and the proceeds of the liquidation can be distributed to the Irish investors. German withholding tax at a rate of 10% applies to the proceeds received on liquidation.

Investors should be liable to Irish capital gains tax at a rate of 20% on the gain arising on the liquidation of the Company. The Double Taxation Agreement between Ireland and Germany does not provide for a tax credit to be taken in Ireland in respect of German corporate income tax paid on the sale of the properties, however, the tax paid will be allowable by way of a deduction in the Irish CGT computation for any German tax paid.

# Appendix I: Projected Profit & Loss Account - Wiesbaden

	Q 2 Jun-08	Q 3 Sep-08	Q 4 Dec-08	Period Ended 31-Dec-08	Q 1 Mar-09	Q 2 Jun-09	Q 3 Sep-09	Q 4 Dec-09	Year Ended 31-Dec-09
Income									
Rent	142,783	142,783	142,783	428,350	142,783	156,211	156,211	156,211	611,416
Interest received	1,997	1,793	1,590	5,380	1,390	1,250	1,154	1,060	4,853
Total Income	144,780	144,576	144,374	433,730	144,173	157,461	157,365	157,271	616,270
Expenditure									
Interest	78,032	77,569	77,107	232,708	76,645	76,182	75,720	75,258	303,805
Property Mgmt	28,400	28,400	28,400	85,201	28,400	28,669	28,669	28,669	114,407
Total Expenditure	106,432	105,970	105,508	317,910	105,045	104,851	104,389	103,927	194,986
Net Income	38,348	38,606	38,866	317,910	105,045	104,851	104,389	103,927	194,986
Tax	0	0	0		5,407	0	0	0	5,407
Profit after Tax	38,348	38,606	38,866	115,821	33,722	52,610	52,975	53,344	415,877
Profit bought forward	0	38,348	76,954	0	115,821	149,542	202,152	255,127	115,821
Profit carried forward	38,348	76,954	115,821	115,821	149,542	202,152	255,127	308,471	531,698



# Appendix II: Projected Balance Sheet - Wiesbaden

	Q 2 Jun-08	Q 3 Sep-08	Q 4 Dec-08	As at 31-Dec-08	Q 1 Mar-09	Q 2 Jun-09	Q 3 Sep-09	Q 4 Dec-09	As at 31-Dec-09
<b>Fixed Assets</b>									
Property cost	8,057,887	8,057,887	8,057,887	8,057,887	8,057,887	8,057,887	8,057,887	8,057,887	8,057,887
<b>Debtors</b>									
Cash	266,252	239,014	212,037	212,037	185,321	166,680	153,812	141,312	141,312
<b>Creditors</b>									
Taxation	0	0	0	0	5,407	0	0	0	0
<b>Net Assets</b>	<b>8,324,139</b>	<b>8,296,902</b>	<b>8,269,924</b>	<b>8,269,924</b>	<b>8,237,802</b>	<b>8,224,567</b>	<b>8,211,699</b>	<b>8,199,199</b>	<b>8,199,199</b>
<b>Financed By:</b>									
OSC	28,746	28,746	28,746	28,746	28,746	28,746	28,746	28,746	28,746
Share premium	2,190,965	2,190,965	2,190,965	2,190,965	2,190,965	2,190,965	2,190,965	2,190,965	2,190,965
Equity debt	544,928	521,932	488,936	488,936	455,941	422,945	389,949	356,954	356,954
Bank loans	5,511,152	5,478,304	5,445,455	5,445,455	5,412,607	5,379,759	5,346,911	5,314,063	5,314,063
Profit and Loss	38,348	76,954	115,821	115,821	149,542	202,152	255,127	308,471	308,471
	<b>8,324,139</b>	<b>8,296,902</b>	<b>8,269,924</b>	<b>8,269,924</b>	<b>8,237,802</b>	<b>8,244,567</b>	<b>8,211,699</b>	<b>8,199,199</b>	<b>8,199,199</b>





ZUM ANDENKEN  
AN DIE ERDMÜTHIGE  
SIEGBEICHE ERNEUERUNG  
DES DEUTSCHEN VOLKES  
UND AN DIE  
WIEDERHERSTELLUNG  
DES DEUTSCHEN REICHES

DURCH HUNDERTTAUSEND ZUCKT ES SCHNELL,  
UND ALLER AUGEN BLITZEN HELL;  
DER DEUTSCHE, BIEDER, FROMM UND STARK,  
BESCHÜETZT DIE HEIL'GE LÄNDER.  
VATERLAND, MAGST DU SEIN: FEST STEH' UND TREU

ER BLICKT HINAUF IN HIMMELS AUM,  
DA HELDENVAETER NIEDERSCHAUM,  
UND SCHWOERT MIT STOLZER KAMPFEFLUST:  
DU RHEIN BLEIBST DEUTSCH WIE MEINE BRUST!

SO LANG EIN TRÖPFCHEN BLUT NOCH GLEHT,  
NOCH ERZUET DEN DEGEN ZIEHT,  
UND ERST DICH DIE BUECHSE SPANNT,  
BEI MIR HIER DEINEN STRAND!  
DIE WACHT AM



# Procedure & Conditions For Application

The applications list will close at 6pm on 12 March 2008 (the "Closing Date").

To participate in the Company, completed application forms must reach the Company by 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 minimum subscription which an investor may make is €250,000. Subscriptions above this minimum level must be made in multiples of €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 receipt.

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 Augusta Private Nominees Limited. Please ensure cheques are crossed and marked "A/C Payee, Not Negotiable".

## Send to

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

So as to be received no later than 6 p.m. on 12 March 2008.

Wiesbaden is rated  
the country's second best  
real estate  
investment destination.





# Application Form

The Augusta Private Syndicate GmbH  
c/o NSL Consulting GmbH  
Charlottenstraße 57  
10117, Berlin  
Germany

I hereby apply for \_\_\_\_\_ Units of €50,000 each at a subscription price of €50,000 each and enclose a

Cheque / Bank Draft in the amount of € \_\_\_\_\_  
**(Minimum investment level is €250,000 per investor)**

## Please use block capitals

Please tick: Mr. ☐ 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 receipt, 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: \_\_\_\_\_



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