



Managing Director Mr. Declan Kennedy with new  
Augusta Director Philipp Graf von Matuschka

### **NEW METHODS OF INVESTING INTO AUGUSTA**

There are three ways in which an investor can now invest into Augusta:

#### **Equity**

Individuals and corporate investors can purchase units in Augusta. The minimum investment is €50,000. Further units can be purchased in units of €10,000.

#### **Investment Finance**

It is possible to borrow for the investment. Typically, the loan is for the duration of the investment and is on an interest only basis. By way of example, if the investor were to borrow €100,000 on an interest only basis, the cost would be approximately €4,200 per annum or €350 per month. At the end of the investment period, the loan is paid back from the proceeds of the distribution.

#### **Pension**

Individuals can also invest in Augusta through their pension. This will involve a transfer of part of their pension to Augusta. Investment into Augusta through a pension scheme qualifies for tax relief, subject to the limits specified by the Revenue. Please contact your Pensioner Trustee for more details.

## **New Appointment as Augusta looks towards German market**

Following a year of research into additional markets for Augusta, I am pleased to announce the appointment of Philipp Graf von Matuschka as a Director to help Augusta develop and launch its first German Property Fund. Born in Ireland of German parents, Philipp speaks native German and has many important contacts in Germany. Philipp has been a successful businessman for the past 20 years and active in the German property market for a number of years.

Through his dealings in Germany, Philipp has found that investors are showing considerable interest in German property, especially with the German economy, the third largest in the world, showing clear signs of recovery. This economy, which makes up 1/3 of the entire "Euro Zone", is beginning to benefit from being at the centre of an expanding Europe. Investors are also attracted to Germany because of its mature, liquid, property market that boasts reliable rental income streams and offers considerable potential for growth.

Declan Kennedy  
Managing Director



Why invest in Germany? See page 2 for details

## AUGUSTA TO INVEST IN GERMAN MARKET

As the German economy has shown signs of recovery in the past two years so too has the German property market. Many observers, including the OECD (Organisation for Economic Co-operation and Development) believe that the current political and industrial reforms underway in Germany will allow for greater economic growth and Augusta believes that this will further stimulate growth in the property sector.

Principally, individuals invest in Germany because of the following factors:

### Size of the Economy

- Germany is the third largest economy in the world and largest economy in Europe making up 1/3 of the "Eurozone" economy. Many believe its position, at the centre of an expanding Europe, should further boost economic growth.

### Interest Rates

- Interest rates in Germany (3 Month EURIBOR) stand at 2.872%. Typically, German rental leases include inflation indexation; thereby providing a hedge against any possible interest rate rises.

### Rental Yields

- German property sees strong rental yields of between 5% and 10%. One reason for this is because Germany has a very mature rental market. According to the IPD (Investment Property Databank), 2005 saw a average yield of 6% across all property.

### The Euro

- As Germany is a member of the single European currency there is no threat of currency fluctuation to investors from Ireland and other "Eurozone" countries.

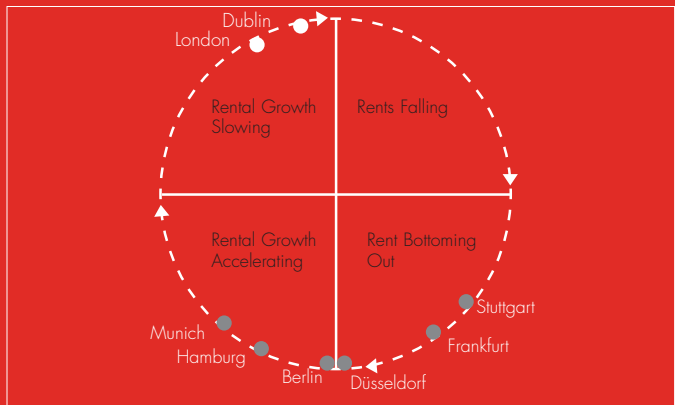
### Capital Appreciation

- Property values are typically linked to rental income; therefore, any increase in rental income should have the effect of increasing the capital value of a property. Augusta believes that yield compression in the German property market additionally increases the capital value of German properties.



It is very common for German investment property to contain both residential and commercial leases.

Figure 1. Market are generally Cyclical



Source: ● Based on Information Provided by Colliers Property Partners  
● In the opinion of Augusta Directors

## RECENT ACTIVITY IN THE UK

Augusta now has over €63 million worth of property under management. Earlier this year, on behalf of investors in The Second Augusta UK Commercial Property Fund plc, we purchased two properties, the flagship GlynWebb retail store near Manchester City centre and a H.R. Owen car showroom near London.

GlynWebb are one of the UK's leading independent suppliers of home improvement products. Due to its strategic location, the GlynWebb property was chosen as their flagship store. There are 16 years remaining on the lease with 5 yearly, upward only, rent reviews.

The H.R. Owen car showroom in Romford, the premier location for the car purchasing population of London, has over 19 years remaining on the lease with 5 yearly rent reviews. H.R. Owen is noted for being a supplier of top marques such as Rolls Royce, Bentley and Porsche.



The Flagship GlynWebb retail store purchased on behalf of investors in The Second Augusta UK Commercial Property Fund plc

## COLLIERS VIEW OF THE UK MARKET

Figure 2. UK Commercial Property Returns 2005

	Total Returns	Return Value Growth	Capital Growth
All Property	19.1%	2.7%	12.8%
Retail	18.9%	3.9%	13.1%
Office	20.3%	1.9%	13.4%
Industrial	18.4%	1.1%	11.1%

Source: IPD Index 2005

The UK Commercial Property Investment Market remains robust with continued strong demand. This is due to the continued attractions of property investment; long leases secured against strong tenant covenants with upward only rent reviews and tenant responsibility for repairs and insurance.

We believe that there are still excellent opportunities to secure properties with the above characteristics combined with good rental growth prospects. To maximise returns we will continue to focus on properties, which have two rent reviews within Augusta's eight-year investment hold.

There will be a number of sale and leaseback opportunities to purchase in the coming months, which will be ideal for Augusta. These are typically offered with 25-year leases and a number of these deals have fixed rental increases throughout the term.

In summary, we believe the UK economy is in good shape. Demand will continue to underpin values and there will be good rental growth in well-chosen sectors and locations.

## NEW SYNDICATE OPPORTUNITY FOR INVESTORS

In addition to our public Funds, Augusta is now offering our property and investment management expertise to private syndicates. Augusta offer groups of investors the opportunity to utilise its services and to assist them in the purchase and management of UK and German investment properties.

Our approach not only aims to minimise the risk to syndicates but also to minimise the time and effort they need to spend managing and maintaining their investment. If a syndicate has not already identified a property or group of properties we can use our excellent relationship with Colliers, one of the largest estate agents in the world, to identify suitable properties.

Our services include:

- Organise Investment Structure (Corporate/Non Corporate)
- Identify Property
- Negotiate with Financial Institutions
- Secure Appropriate Valuation
- Manage Due Diligence
- Manage Purchase of Property (Legal element etc)
- Manage the Property (Indirectly)

If you are interested in learning more about Augusta Syndicates, please email us at [syndicates@augusta.ie](mailto:syndicates@augusta.ie).

## AUGUSTA GERMAN MEDICAL CENTRE

Augusta, in conjunction with Colliers, has secured the purchase of a medical centre in Weissensee, Berlin, Germany for investment purposes. The building extends to in excess of 44,000 square feet (4,090 M<sup>2</sup>) and has a mixed tenancy of doctors, dentists, and a large ground floor pharmacy. Additionally, there are 3 residential units in the block. It is located opposite a large hospital. The price of the property is €7,000,000 and has rental income of €558,471 per annum. This equates to a yield of 7.9%.



The Weissensee Medical Centre is located directly opposite a major Berlin Hospital

The minimum investment is €50,000 and in units of €10,000 thereafter. The project IRR (Internal Rate of Return) for this investment is 15% per annum. As outlined on page one, there are three ways in which investors can invest, using their own equity, using investment finance and through their pension. Please contact your financial advisor if you are unsure as to which method of investment would best suit your needs.

If you would like to receive an information memorandum on this opportunity please do not hesitate to contact us using the information provided at the bottom of this page:

## CONTACT DETAILS

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