

## Latest News



2007 has been a landmark year for Augusta and its investors. As of this year, Augusta has completed over €100 million worth of property transactions on behalf of our clients.

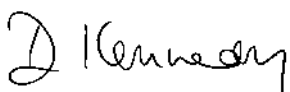
We are still firmly focussed ahead, however, on securing more high-potential properties and on managing our existing portfolio to derive the best possible returns.

For the first time in my 25-fund career, we have run two syndicates back-to-back. Such was the interest in the Fifth that we brought the next to market ahead of time, to give those who missed out in the Fifth a chance to invest with us. To date, the Sixth Syndicate has been a roaring success and we are now in the midst of the purchase process.

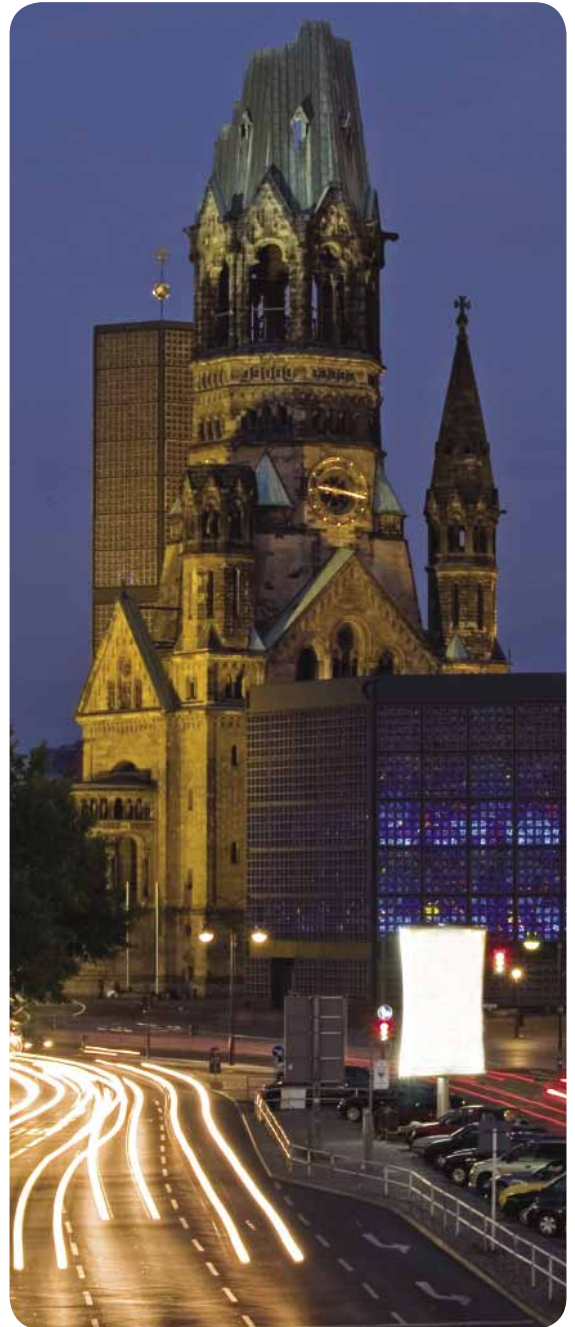
To assist Augusta to grow further and to take care of our many valued clients, Jerry Purcell, the former head of RAC Ireland, was appointed as Marketing Director in April. Jerry brings with him a wealth of commercial experience and knowledge, about which you can read more on page 6.

Finally, over the past year we have seen our predictions on Germany come to fruition. Indeed, it is almost impossible to open a newspaper today without reading about the ever improving German economy. With this in mind we plan to continue to invest in secure, high-yielding German commercial property for our investors.

Thank you for your continued interest in Augusta.



Managing Director



## GERMANY IN THE NEWS



### PROFIT FROM GERMAN REVIVAL

Europe's economic powerhouse is back, achieving high growth again after years of post-reunification stagnation.

The turnaround has been led by a recovery in German competitiveness, allowing Europe's economic powerhouse to regain its status as the world's biggest exporter in terms of value. The good times are beginning to trickle through to consumers, who are gradually spending more as their confidence picks up.

Prime retail space rents for €200 per square metre per month - on Dublin's Grafton Street you'd pay four times that. This shows how rental levels are so out of kilter relative to a few years ago and to peer countries.

*Sunday Times 08/07/07*

### GERMAN JUNE RETAIL SALES RISE AS TAX EFFECT WANES

Retail sales in Germany, Europe's largest economy, rose in June as the effect of an increase in sales tax at the start of the year waned.

"Over the quarter it looks like private consumption has recovered from the tax increase and that will carry over into the rest of the year" said Alexander Koch, an economist at Unicredit Markets and Investment Banking in Munich.

German unemployment fell 45,000 to 3.77 million in June as growth encouraged companies to invest and hire. "Investment and consumer spending will drive expansion while exports will be less of a support," Gernot Nerb at the Ifo economic research institute said last week.

*Bloomberg 31/07/07*

### IRISH TO PUT €12bn INTO COMMERCIAL PROPERTY

The mid-year Irish investment market bulletin from CBRE suggests that Irish property investment spend in 2007 will easily match last year's record €11.9bn. The bulletin points towards increased focus on investment in the Eurozone and United States, while also highlighting the fact that a lot of attention has been focused on Germany on the back of recovering economic prospects.

*Irish Independent 13/06/07*

### FINANCIAL MARKET TURMOIL DAMPENS GERMAN CONSUMER CONFIDENCE IN AUGUST

The GfK consumer climate survey published today shows that August has seen a slightly gloomier consumer climate in Germany. While buying propensity remained generally stable, the economic outlook and income expectations were slightly down on their previous strong position. Following the revised 8.5 points in August, the consumer climate forecast for September is 7.6 points.

Along with the prevailing economic risks such as the strong euro and rising interest rates, the unexpected turmoil in the international financial markets has affected the economic outlook in August, putting a damper on the euphoria of prior months. However, buying propensity remained largely unaffected by these developments, virtually holding its current level with comparatively low losses.

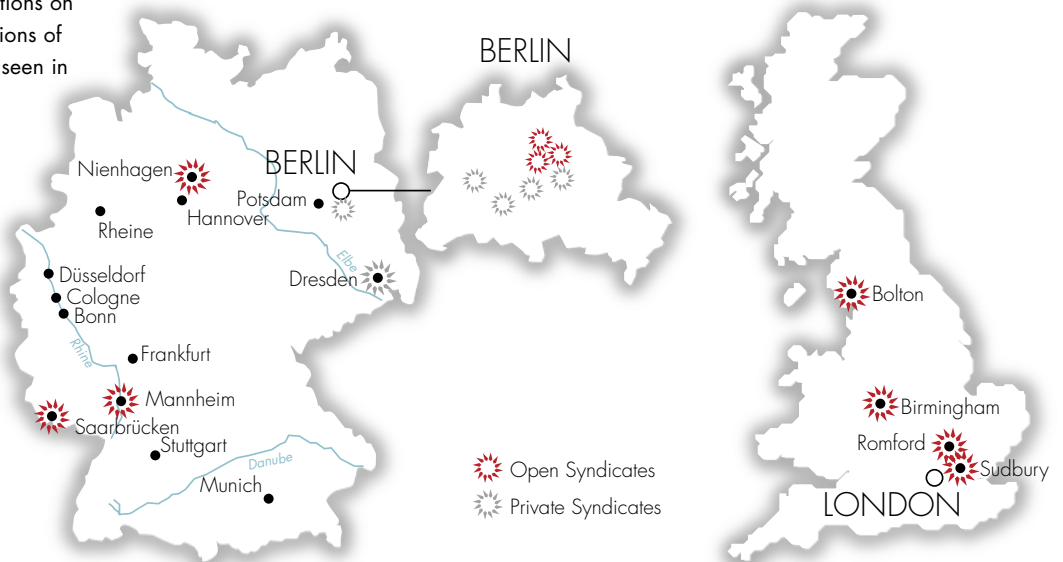
Compared with the prior month, the indicator lost a good 16 points and stands at 48.4 now. However, this level is still very good compared with the same period one year ago, when the indicator was 37 points lower. With the indicator still at a high level, it is evident that consumers are not concerned about the risk of a recession in the German economy at present.

*FinFacts 29/08/2007*

## AUGUSTA NEWS

### €100 million Barrier Broken

Augusta has now completed over €100 million worth of property transactions on behalf of our investors. The locations of some of these properties can be seen in the map below:



### Augusta Sponsors Record Breaker

On 30 June, Irishman Ian McKeever smashed the world record for the Seven Summits by a full 31 days. As one of Ian's main sponsors, Augusta would like to congratulate him on climbing the highest mountains on each of the world's seven continents in just 156 days.

The peaks he reached in his expedition were: Mt. Vinson in Antarctica (4897m), then Aconcagua in South America (6959m), Kilimanjaro in Africa (5895m), Carstenez Pyramid in Australasia (4884m), Mt. Everest in Asia (8848m), Elberus in Europe (5642m) and Denali in North America (6194m).

This was a superhuman achievement – Ian overcame crippling snow blindness while descending Everest and had to abort the first attempt on Elberus in Russia. Yet he still managed to post a stunning new record which will take considerable beating.

During the challenge Ian was raising funds on behalf of the Irish Osteoporosis Society and Sophia Housing.



ABOVE: Declan Kennedy with Ian McKeever and Lord Mayor of Dublin, Cllr. Paddy Bourke.

# AUGUSTA NEWSLETTER AUTUMN 2007

## AUGUSTA FUNDS & SYNDICATES UPDATE

### **The Augusta UK Commercial Property Fund PLC Signet Car Park, Birmingham and Homebase, Sudbury**

#### *Investment Summary*

Having purchased the two buildings for a combined price of STG£6.5 million Augusta has recently had the properties valued by Colliers at almost STG£7.5 million after just two years. This exceeds our Year 2 projections for this fund and comes before a rent review

on the Homebase property in December that will deliver a very substantial increase in rental income. Combined, these two very positive developments will see the The Augusta UK Commercial Property Fund a great deal of the way to achieving our projections only 4 years into the 8-year fund.

### **The Second Augusta UK Commercial Property Fund PLC GlynWebb, Bolton & H.R. Owen, Romford**

#### *Investment Summary*

We have been very active over the past twelve months in our efforts to augment the value of these two properties. Augusta has successfully

re-assigned both leases to strengthen the tenant covenants, ensuring a stronger negotiating position for the Fund when the property is sold.

### **The Third Augusta Syndicate – Germany GmbH Two Medical Centres and a Pharmacy in Berlin**

#### *Investment Summary*

Augusta is delighted to announce the completion of development of the new second medical centre at Schönstraße 9-10, and the first tenants have taken occupancy. The Syndicate is in the process of re-negotiating the rental agreements with the tenants of the existing medical centre

at Schönstraße 5-7 in order to increase the level of rent, which will significantly augment the value of the investment. The pharmacy continues to do substantial business thanks to very high patient footfall in the area.

### **The Fourth Augusta Syndicate – Germany GmbH Nursing Home, Nienhagen and Nursing Home, Hohenlockstedt**

#### *Investment Summary*

The Nienhagen property has been performing as planned since its purchase last December. The tenant, Kursana, one of Germany's leading care home operators, has indicated a willingness to work with us in developing the property. We hope to begin formal negotiations

shortly, with a view to potentially increasing the size and value of the nursing home. An excellent nursing home in Hohenlockstedt near Hamburg has been secured as a replacement for the Reinickendorf property (which did not pass our due diligence scrutiny to our complete satisfaction) which itself has development potential.

### **The Fifth Augusta Syndicate – Germany GmbH 'FarlachCenter', Mannheim and 'City Centre', Saarbrücken**

#### *Investment Summary*

On 14 June we completed the purchase of the 'FarlachCenter' Mannheim for €7.5 million. As part of the purchase process, Colliers valued the commercial centre at €8m, which demonstrates how strong the capital appreciation potential is. Following that, rent increases are due to be applied to a number of the tenants in this property which will further drive up the value. Even more positive news is that by

September occupancy will have increased from 80% to 100% as we let the previously vacant units.

Following careful due diligence the Syndicate decided not to pursue the Saarbrücken property, but are presently completing the purchase of an excellent alternative – more details about which will be made available as soon as our work is completed.



## AUGUSTA IN THE NEWS

A selection of headlines made by Augusta over the past six months. To view all Augusta related press articles please visit [www.augusta.ie](http://www.augusta.ie)



ABOVE: The FarlachCenter in Mannheim

## IRISH INVESTORS SET THEIR SIGHTS ON GERMANY

The Augusta Syndicates (There have been five to date in Germany, with a sixth one currently being set up) are asset backed, tax efficient and capital growth in nature. Property values are linked to rental income, in the main. That effectively means that any increase in rental income should have the effect of increasing the capital value of a property. Anticipated yield compression in the German property market should increase the capital appreciation of properties too.

Augusta's focus will be on Germany for the foreseeable future (the company has its head office in Monkstown in south Dublin and one smaller one in Berlin). "If you spread yourself too thinly, you run the real danger of losing focus," says Declan Kennedy, Managing Director of Augusta.

Similarly, Kennedy's very passionate about the benefits of the commercial property market over its residential counterpart. "If people are interested in investing in property and understand the commercial sector I can't understand why they'd choose the residential sector over commercial. Commercial is cheaper and easier with guaranteed rental income. It's a good investment, basically, money in the bank. It might be more expensive to get into, but that's why people get into syndicates," he says.

Germany, recently opening up to international investors, has seen a raft of nationalities storming the market - with the Irish being joined by the Americans, the Japanese and even the Israelis. The entire country - except the low yield southern Bavaria - is still seen as being rife with good opportunities.

*The Irish Examiner - 13 July 2007*

## AUGUSTA MASTERS IN DEUTSCHLAND

Mr. Kennedy sold out of the Forestry Funds in 2003 as he began to spread his business acumen to the property market. He has since concentrated his efforts on building up Augusta into the successful syndicate provider it is today through its shrewd and proven investments in German commercial property - one of the strongest performing markets in the world today.

*The Limerick Leader - 06 July 2007*

## €7.5 MILLION GERMAN CENTRE

Augusta, the Dublin-based commercial property investment fund operator, has finalised the purchase of a €7.5m deal for the purchase of FarlachCenter, a modern retail centre located in Mannheim city. The property is located at the entrance to the Farlach Industrial Estate, a business park that is home to international brands such as McDonalds, Mercedes Benz, IBM, BASF, Agip and Siemens. It also boasts a 150,000sqm wholesale centre with 130 businesses.

Colliers, the worldwide estate agent, has already valued the property at €8m. Augusta intends to grow the rental income from the existing 591,000 to over €700,000 within 12 months.

*The Irish Independent - 11 July 2007*

# AUGUSTA NEWSLETTER AUTUMN 2007

## INVESTING VIA PENSIONS

Many of our clients invest their funds via a pension scheme such as an SSAP/SSAS. Many more of you may be considering this route for a future investment with Augusta and/or other providers. We have asked David Rouse of The Independent Trustee Company (ITC) to give a brief guide.

### **Doubling the power of property investment funds - David Rouse The Independent Trustee Company**

*Do you know that you can double the power of your property investment funds and avail of a tax free environment for your investments?*

- **Save tax**  
Investing in property from after-tax income means your potential investment funds are almost halved before you can invest them! The taxman takes 46 cent of every Euro earned above a relatively modest threshold.
- **Eliminate his tax cost and invest in property the smart way, by doubling the power of your earnings.** You can rent the property tax free and eliminate tax on any gain on your investment property when you sell it
- **Invest tax efficiently**  
You may be able to move much of your business income into a tax exempt vehicle. Every time you put a Euro into the vehicle, you save 46 cent that would otherwise be lost in tax. To put it in numbers, to earn €10,000 in after-tax income requires before tax (gross) earnings of €18,520.
- **Owner-directors are in a great position** because they can dictate their remuneration arrangements, moving company cash into a tax exempt structure designed for property (and other) investments.

- **Investments**  
In theory, these structures can invest in property anywhere in the world. Property purchases in Ireland and the UK are quite straightforward - the legal systems are largely the same. Foreign investment requires local legal and tax advice. Typically borrowing of up to 70% of the property value is available, and as with foreign property purchases, legal advice is necessary. If you want someone else to take on sourcing and structuring the property, you could put your retirement funds into a syndicated investment.

- **Accessing funds**  
The earliest you may be able to access your investment funds is age 50 years. If you're a company owner director, you can take up to 25% of your funds tax-free, and continue to invest the remainder in a tax efficient way. Think about it - you saved tax on building up your investment funds; your investment grew tax-free and you can realise a quarter of your investment tax-free!

## APPOINTMENTS



### **Jerry Purcell Appointment**

Augusta is pleased to announce the appointment of Jerry Purcell as its new Marketing Director. Jerry is the former Commercial Director and Head of RAC Ireland and has over 12 years' experience winning and managing clients. He has previously worked in commercial and marketing positions for MBNA Bank in Dublin and has held senior marketing roles in London and Tokyo.

“The professional and forward-thinking manner with which directors Declan and Philipp lead the Augusta team was obvious to me from the first time I met with them, so the decision to come on board was an easy one. I hope to add something new to the management mix and aim to ensure our current and prospective investors will enjoy stronger relationships with us as a result.”

## PROFILE **Philipp Graf von Matuschka, Director**

Philipp Graf von Matuschka was born in Moone, Co. Kildare of German parents. The family name is well-recognised in Germany, "Graf" being a title roughly equivalent to that of "Count". Philipp's father - having had his land in north-east Germany given over to Poland after WWII - moved to Ireland in 1961 with his wife, who had been here before and loved the country. The family's local status and traditional anti-Hitler stance (Philipp's grand-uncle was involved in the famous 1944 assassination attempt) provided no shelter from the economic difficulties of the German post-War period, forcing them to look at options abroad. Despite a crippling exchange rate, Philipp's father managed to raise enough money to buy a farm in Moone and the Irish wing of the Graf von Matuschka family was established.

Having attended Glenstal Abbey and UCD (where he attained a BSc. in Computer Sciences and Mathematics) Philipp joined the mid-80's exodus to London, working there for 9 years, principally for Unisys. His first foray into the property market was in London, where with a mixture of foresight and fortune he bought his house at the right point during the house-price collapse and avoided the huge losses in value many of his contemporaries experienced. It was a lesson well learned.

Philipp returned to Ireland to set up Gorann Technologies, an incubator for emerging tech startups. It was on his return to Ireland that his interest in German property began. Most of his relatives still lived in Germany and despite having visited there almost every year since he was born, he felt it prudent to sound them out on his investment plans. Almost to a person, they thought he was mad. Philipp agreed to disagree and was soon proven right when the returns on his purchases and the interest in his investments among contacts in Ireland were such that he switched his focus entirely into property acquisition.



Today, Philipp handles all property acquisitions for Augusta, travelling almost weekly to Germany. He lives in a recently-renovated country house in West Wicklow with his wife Jenny and five children.

"Irish investors are more adventurous than German ones", he says, "Germans are more conservative and struggle to see the upside after 10 years of stagnation. That's what makes the marriage of Irish investment and the German economy such a good one."

Doing business in Germany is not all plain sailing though, "I like uncomplicated business, no matter how sophisticated the concept might be the process should be simple. You don't always get that in Germany - it's very bureaucratic with a lot of middle-men - but we have developed relationships now with people I can do business with. There are enough good, professional people out there to deal with without wasting time on the arrogant or sloppy ones".

## A WEEK IN THE LIFE

### **Philipp Graf von Matuschka, Director**

#### **Monday**

First things first, our weekly management meeting keeps us all abreast of and focussed on current business issues. Lena Sy, my assistant, then has 25 new properties for me to look at. We do this so often it's not long before the list is whittled down to 3 possible candidates for our next syndicate. Declan joins us to talk through them and we agree to start the investigation process. Lena heads off to book me a Thursday flight to Germany so I can have a closer look.

#### **Tuesday**

Solid negotiating all day today on a property in Chemnitz we've been chasing for some time. I find you need a range of tactics when buying in Germany and this time I'm leaning on the estate agent a little - we'll make her earn her commission on this deal! The call finally comes at 6pm accepting our offer, so I arrange to meet them on Thursday when I'm over.

#### **Wednesday**

A very productive meeting today with one of the banks bidding for the rights to finance our next syndicate. I can't help remembering the early funds when we were chasing the banks, rather than the other way around. A welcome sign of our development. Crucially, we're going to get better terms again for our next project.

#### **Thursday**

Over to Germany for a whirlwind tour of Berlin, Dresden and Chemnitz. 600kms of travel in a day but by the end I have advanced our purchase of the Chemnitz property and, of the three new properties, the Dresden one looks like a strong candidate for the Sixth Augusta Syndicate. Research and due diligence will have to start first thing tomorrow, so I call Lena.

#### **Friday**

While the team starts work in earnest on the Dresden property I saw yesterday, I spend the day advancing the development work we are doing on one of our existing properties. It's a rewarding process to see your vision for an undervalued property take shape and this medical centre in Berlin is going to be a great asset to Augusta and our investors.

## Financial Advice – Spotlight on Harney Nolan Business Advisors

Harney Nolan Business Advisors is a two partner firm of accountants based in Carlow town, with a branch office in Bunclody Co Wexford. A number of years ago partners Tony Harney and James Nolan decided to extend the value added element of their practice. "We see our role as being more than that of accountants" says James Nolan. "Not only do we provide services such as auditing, accounting, taxation and company secretarial services, we also aim to give added value to our clients by way of taxation and wealth management advice. We are involved with our clients as they build wealth and assist them in setting up structures that will protect and grow that wealth."

To that end, Harney Nolan have advised many clients on cash extraction from their companies and in particular the setting up of SSAPs (Small Self Administered Pensions). "Once the SSAP is in place and in funds our clients need direction on investment products" says Tony Harney. "We have brought Augusta's syndicated funds to a number of clients who subsequently invested. With rental yields exceeding interest rates together with strong covenants and the improving German economy, clients could immediately see the merits of the investment."

"In fact I have personally invested myself in Augusta products" continues Tony Harney. "Clients like to see us put our own money in to investments we recommend."



ABOVE: Tony Harney (second from left) and James Nolan (second from right) receiving awards recently in Carlow: Winners - 2007 Carlow Chamber Business Awards - Customer Service, Finalists - 2007 Carlow Chamber Business Awards - Excellence in Business Practice.

"When we first heard the name "Augusta" we immediately thought of the Green Jacket" laughs James Nolan. "However after meeting Declan Kennedy on several occasions and doing our due diligence on the firm we were more than happy to do business with Augusta." And since that first meeting a substantial number of high net worth Harney Nolan clients have invested in Augusta products. The secret to successful property investing is all about spotting opportunities before others.

"Our timing has been good so far" says Tony Harney. "All the economic indicators coming out of Germany are good, and getting better."

Formed in 1985, Harney Nolan will later this year move to their new state of the art offices at the Deerpark Business Complex on the Dublin Road just outside Carlow town. "We see this as an important strategic move both for our staff and our clients" says Tony Harney.

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