

Augusta Makes Hay While the Sun Shines

Irish Times – 25 April 2008

Credit Crunch or not, Irish investment firm Augusta continues to raise money to invest in retail property in Germany.

The group, founded four years ago by Declan Kennedy, has spent €30 million this year on a handful of properties. This includes a recent €8 million deal to acquire a retail complex in Wiesbaden.

Augusta put together a consortium of 11 Irish investors for the project. Each has ponied up about €250,000. Augusta has set a two to four year timeframe on the investment and is projecting a tasty 21% internal rate of return per year. It seems ambitious for a shopping centre with just four retailers, including Vodafone and warehouse retailer Tchibo.

German-born director, Philipp Graf von Matuschka said negotiations on rent reviews were under way and it was looking at “squeezing in” a fifth shop. Despite the global economic turmoil, he is confident Germany can deliver.

“Germany seems to be relatively well insulated against what’s going on in America at the moment. We’re confident it’s a good place to invest.”

Ironically, Augusta picked up the Wiesbaden deal on the back of credit crunch induced difficulties being experienced by the former owner. “It’s very much a question of making hay while the sun shines. We fully intend to keep this purchasing rate up throughout 2008 as we identify more undervalued property assets, but we’re not going to get sucked into a buying frenzy.”