

€20m sought for €60m German investment

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As much as €20 million is being sought from Irish investors for a €60 million German property fund that is estimated to produce annual returns of 14.7 per cent.

Dublin-based Augusta, the commercial property fund operators headed by former entrepreneur of the year Declan Kennedy, has said it is seeking the contribution from Irish investors for its sixth Augusta Syndicate.

The money will be invested in high-potential commercial developments in the German market.

Launching the syndicate, Mr. Kennedy, the group's managing director, said now was the right time to be investing in Germany as GDP growth and business confidence statistics are at levels not seen since unification. He said Augusta was well placed to purchase quality properties in the region as a result of its native German management team.

Mr. Kennedy is not alone in recognising the potential of overseas commercial property investments.

According to CBRE Richard Ellis, Irish investors put as much as €8 billion into European commercial property last year. This compares with €3 billion on domestic deals and is a significant increase on the prior year.

While the UK accounted for one third of those deals, the growth in spend in that region was very small, whereas investment in Germany doubled, making it the second most popular location for Irish European investment.

Augusta 6 is not the group's first foray into the German market. It has just closed its fifth syndicate, which is purchasing two commercial property centres in Germany and last year spent €15 million purchasing two nursing homes, one in Berlin and one on the outskirts of Hanover. Previous buildings purchased by the group in Germany now house well-known tenants such as McDonald's and Hertz.

The minimum investment in Augusta 6, which features a low management charge of 0.75 per cent and low acquisition costs, is €50,000 from each investor and in units of €10,000 thereafter.

The aim is to purchase a maximum of three properties, ranging in value between €7.5 million and €20 million.

The main focus will be on retail properties.