

Irish Investors Close to Buying MTV Europe Headquarters

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By Neil Callanan

Irish investors are close to signing a deal to buy the headquarters of MTV Europe in the Osthafen area of Berlin. The riverside building is part of a dockland area being regenerated at present and other tenants in the area include Allianz and Universal Music.

The 7,430 square metre building is being bought for €14.1 million by Harvest Financial Services, which will syndicate the investment. Terry Devitt of Harvest said the minimum investment they will be seeking from investors for a share in the building is €25,000.

When it is signed off, the deal will represent a yield of 6 per cent. The building has ten years unexpired on the lease, which was originally granted to the local authority but has since been assigned to MTV Europe, which has a library, offices and studios in the building. The music station has already undertaken a substantial renovation programme for the building. Devitt said Harvest is likely to hold the building for five to ten years, depending on market factors.

"We have been active in the Irish and British markets since the early 1990s, mostly in the British market," Devitt said. "We set up funds to allow investors buy the building and typically borrow 70 per cent of the purchase price. "The minimum investment to take a stake varies from building to building but can be as low as €10,000.

We target properties with long-term leases and strong covenants and typically hold them for five to ten years." Devitt added that the firm usually sets up one or two funds a year and that at present it holds properties with a book value of more than €10 million. The portfolio contains a mix of office, retail and retail warehousing buildings.

Interested investors can contact Harvest at 01- 6621522. Meanwhile, Augusta Funds has launched its first product, a British commercial property fund with a minimum entry level of €1,000. The fund's prospectus will be launched next week and will target prime commercial properties in the British market which will be sold after eight years.

The corporate structure of the fund should result in exit taxes of 20 per cent, upon distributions from the fund. Augusta is headed up by accountant Declan Kennedy, who until recently ran the Irish Forestry Funds. The fund will raise €4.5 million from investors, and will leverage its capital and borrow up to 75 per cent of the value of the property it purchases to create a total fund of more than €15 million.