

# The Fifth Augusta Syndicate—Germany GmbH

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Myliusstraße 16, 71638 Ludwigsburg, Stuttgart, Germany



## Stuttgart

- Location: Capital city of Baden-Württemberg, with a catchment population of 3.5 million
- Population: Stuttgart City Centre 591,000  
Ludwigsburg District 514,000
- Commerce: One of Germany's top 3 cities for business
- Employment Climate: Europe's top location for high-tech manufacturing jobs
- Income per Employee: €38,361 — 3<sup>rd</sup> highest in Germany.
- GNP contribution per Capita: €55,147 — 4<sup>th</sup> highest in the country.

## Myliusstraße 16

- Purchase Price: €5.5 million
- Rentable Area: 2,662 m<sup>2</sup>
- Macro-Location: 15 minutes north of Stuttgart city centre
- Micro-Location: Suburban town centre, top location on prime retail street facing a major train station
- Surrounding Tenants: Saturn Electronics, Plus, DM, McPaper, BHW Bank, Tchibo
- Footfall: 50,000 per day



## Property Description

Myliusstraße 16 is a period building dating from 1886. It was completely refurbished in 1998 to the exacting standards of anchor tenant Deutsche Bank. It enjoys arguably the highest footfall position in this large Stuttgart suburban town.

## Occupancy

Myliusstraße was purchased with 17% vacant space. A tenant was secured for this prime office space but, on advice, the directors have decided to defer this tenancy and seek a replacement on better terms.

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Contd.

## Tenancy

The anchor tenant is Deutsche Bank, a worldwide bank with more than 75,000 employees. Other tenants include café chain Segafredo and I.T. company DIS AG. A full tenancy schedule appears below:

Tenant	Description	Area (m2)	Annual Rent 2007
Deutsche Bank	Bank	1,314	€205,239
Gruber	Delicatessen	117	€43,200
Segafredo	Café	76	€27,000
Spielothek Cityhaus	Entertainment Centre	205	€30,209
DIS AG	IT Company	198	€24,953
Xchanging Transanction	D-Bank Subsidiary	205	€27,049
Dr. Kuhn & Assoc.	Dentist	161	€16,970
Deutsche Telekom	Telecoms	Payphones	€2,086
Ludwigsburger	Marketing	Advertising	€2,448
Ucurum & Densi	Marketing	Advertising	€1,200
Vacant Space	Office Space	386	—
TOTALS		2,662	€380,354

## Asset Management Opportunities

The directors believe that the non-bank retail space in the building is under-rented. There is scope within these leases for tenancy restructuring that would considerably increase the property value by the exit date. Peer rents in the area suggest that uplift is possible for prime retail space such as that offered in Myliusstraße.

Near the syndicate end, lease renegotiation will begin with certain tenants. As a central asset management function, the directors will seek to structure leases and rents in a manner reflective of the property's quality and its prime location.



## Projected Exit

The sourcing of new tenants with strong covenants on suitable leases, together with the intended programme of lease restructuring throughout the holding period, should secure both higher rental income and a more saleable asset at the exit point. In parallel, Greater Stuttgart is one of the cities in Germany about which there is deservedly the most consumer and business confidence for growth. Combined, these positives make very achievable the projections for the Fifth Augusta Syndicate

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Fahrlach-Center, Gottlieb Daimler Strasse 25,  
68239 Mannheim, Germany



## Mannheim

- Population: 327,000
- Location: Largest city in the Rhine-Neckar commercial region of 2.4 million people
- Commerce: One of Germany's top 10 cities for business
- Employment Climate: 6th best in Germany
- Income per Capita: €35,033—7th highest in Germany
- GNP contribution per Capita: €47,935—6th highest in the country

## Fahrlach-Center

- Purchase Price: €7.5 million
- Location: Entrance to the Fahrlach Industrial Estate, Mannheim's premier commercial district
- Surrounding Tenants: Mercedes Benz, BASF, IBM, Ernst & Young, Siemens
- Passing Traffic: 60,000 cars per day
- Opening Hours: 4.30am to 10.00pm



## Occupancy

The Fahrlach-Center was purchased with 13% vacant space. Thanks to an aggressive asset management strategy, full occupancy was achieved within one month.

The new tenant, Spezialitäten aus Europa GmbH, moved from a city centre location to take advantage of the Fahrlach-Center's high footfall.

Fixed rental increases of approx. 18% and 15% were agreed with this tenant with the increases taking place in November 2008 and November 2011 respectively.

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## Fahrlach-Center, Gottlieb Daimler Strasse 25, 68239 Mannheim, Germany, Contd.

### Tenancy

The anchor tenant is Fitness Park Pfitzenmeier, one of Germany's top 5 fitness centre operators. Other tenants in the building include Hertz Car Rental and McDonalds. A full tenancy schedule appears below:

Tenant 2012	Description	Area (m <sup>2</sup> )	Annual Rent 2007	Annual Rent
Pfitzenmeier Fitness Park	Fitness Centre	2,919	€244,908	€278,532
McDonald's	Restaurant	517	€184,068	€209,340
K+M Kaminofen GmbH	Retailer - Stoves	518	€45,108	€45,396
Hertz Car Rental	Car Hire Company	83	€41,724	€45,336
Klafs Saunabau	Spa Equipment	209	€33,240	€37,056
Digitaldruck Graze	Printshop	239	€23,280	€25,104
Grimminger GmbH	Café & Bakery	62	€22,704	€25,824
Spezialitäten aus Europa	Art Gallery	694	€49,200	€66,720

### Asset Management Opportunities

The leases contain a mixture of index-linked and fixed rental increases, which will raise the annual rent to approx. €733,000 by 2012. The implementation of these increases should augment the value of the property by approx. €2.24 million at the exit date.

The property was valued in Q3 2007 at €8 million (rent multiplier of 13.5), in advance of the letting of the vacant space and several lease indexations. With the current full occupancy and the application of those increases, a rent multiplier of 13.5 would value the property at €8.7 million, an increase of 16% in year one over the purchase price.



### Projected Exit

Retail in Mannheim is thriving. It has a large catchment area that includes its sister city Ludwigshafen, which itself lacks an established shopping zone. The prognosis for retailers in Mannheim is, therefore, positive and healthy. With the continuing performance of the property, its tenants and the Mannheim real estate market, we are confident of achieving our targeted rent multiplier of 14.3 upon exit in 2012.