

# German Discount Retail Investments - Autumn 09



With property markets across the globe still in volatile territory, **Real Returns** is delighted to offer a **robust property investment option** where returns are generated from rental income and not anticipated capital growth. Properties let to **German Discount Retailers**, an asset class previously overlooked by the international investor, provide income generated by blue chip tenants who dominate Germany's €360 billion FMCG market. An investment in a Discount Retail Property is one of the few investments options, offering long term viability & low levels of investor risk.

## WHY GERMANY ?

- On August 13th, Germany officially came out of recession, further validating their stance as Europe's chief economy and the world's largest exporter
- August's Trade Surplus was €13.9 billion - 12% higher than the previous month.
- German banks have adjusted their 2010 growth forecasts upwards predicting growth of 1.4%
- The German ZEW Indicator of Economic Sentiment increased sharply in August 2009 rising by 16.6 points
- Consumer spending rose by 0.5% in the Q2 compared to Q2 2008



## WHY DISCOUNT RETAILERS ?

- Currently discount stores share 43.2% of grocery sales - Industry expert **BMI** forecast this will soon reach 50%
- Due to the polycentric and suburbanized nature of retail models in Germany, our strategically located sites, provide optimum footfall to the tenant's stores
- More than 80% of Germans believe the quality of discount products are as good as or better than similar branded items
- Of the 400 new retail leases signed in July 2009, 72% were signed by discount retailers



## KEY PROPERTY DETAILS

- The site sizes are between 0.2ha to 3ha, with between 500 / 10,000 sqm of let area
- The properties are tenanted by some of Europe's largest retailers
- The retail units are built on carefully selected sites
- The properties are newly constructed and backed by a 5 year bank secured construction guarantee



## INVESTMENT DETAILS

- Purchase prices from €750,000 to €15,000,000
- The leases are 10 – 15 years in length with extension options and are signed by the parent company
- The leases have no break clauses
- RealReturns can secure non-recourse finance with LTV's up to 75%
- German banks favour this asset class as it offers attractive long term fixed interest rates at historically low levels
- Investors can expect the properties to provide large income surpluses annually thus providing a well above average return on Investment

## REALRETURNS OFFER

- Cash Flow Forecasts & Valuations
- Mortgage Arrangement with our partner business Pax Asset Management
- German & Irish legal advice and representation
- Local Tax Advisors
- Ongoing Asset Management & Project Co-ordination



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