

## Erste Group's Slovak subsidiary co-refinances City Business Centre in Bratislava with EUR 34.5 million

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**The City Business Centre complex consists of five office buildings with 38,777 m<sup>2</sup> rental space located in the heart of Bratislava; total re-financing volume stands at EUR 64.5 million**

**The office space is rented long term to well-established companies (including Swiss Re, Sony, AT&T, Kapsch and BWM)**

**CEE office market is undergoing a stable development; rental levels remain largely solid in most of the region**

"The office complex City Business Centre (CBC) combines three elements that are in our view essential: first, it is a well-functioning business centre; second, it has a very attractive location, and third, the office space is rented mostly under long-term contracts. Furthermore, the property was developed by our long-term partner HB Reavis, together with whom we have completed six projects over the past ten years[1]," explained Richard Wilkinson, CEO of Erste Group Immorent. "Our strong presence on the property markets of Central and Eastern Europe enables us to choose partners with ambitious yet feasible real estate projects even in economically challenging times," explained Wilkinson.



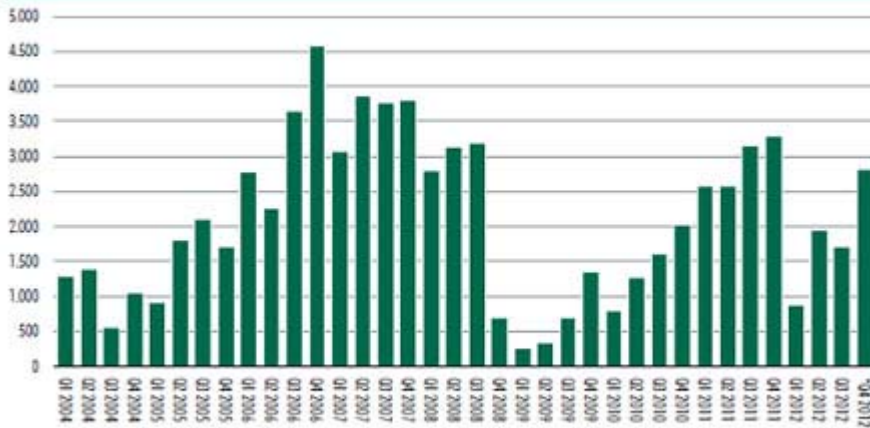
Quelle: HB Reavis Estate

"We appreciate Erste Group Immorent's flexibility and speed in arranging this refinancing of one of our flagship developments. The refinancing of the project CBC I. and II. is a further proof that banks continue to be interested in financing real estate objects with a high-quality portfolio of tenants," highlighted Marián Herman, Head of investment management and capital markets at HB Reavis. Luxembourg-based HB Reavis Group is one of the leading real estate development groups in Central and Eastern Europe, operating in Slovakia, Poland, Hungary, Croatia and the Czech Republic. Since its foundation in 1993, HB Reavis has completed commercial real estate projects with a total rental space of over 600,000 m<sup>2</sup>. The company employs 380 persons, manages assets with a volume of EUR 1.4 billion and has an equity base of more than EUR 850 million.

The CBC Building Project I. and II. was completed between 2005-2011 by HB Reavis Group. City Business Center is located in the heart of Bratislava, close to the strongly growing business and administrative area. The complex consists of five office buildings and offers 38,777 m<sup>2</sup> of leasable area and the tenants include companies such as Swiss Re, Abbott Laboratories, Sony, AT&T, Deutsche Telekom Shared Services, Edenred Slovakia (formerly Accor Services International), Kapsch, Omron or BMW. It is owned by the own real estate investment fund HBR CE REIF.

**Market outlook: CEE benefits from solid market fundamentals and lower debt levels compared to Western Europe**

**Chart 1: CEE Investment Market (€ mln)**



\* Investment numbers for Russia preliminary.

Source: CBRE Research

“Despite the difficult economic context, the office market in Central and Eastern Europe is undergoing a stable development,” explained Martina Valenta, real estate analyst of Erste Group. Sales were weaker in 2012 vs. 2011, but this was partly due to the lack of first-class investment products. The yields on rental space were stable in CEE and SEE in 2012, with the exception of Hungary, where market conditions remained difficult. Poland and Russia are still top investor destinations due to their strong economic performance.

“The very satisfactory development of returns in CEE was also supported by rental levels that remained solid throughout 2012, apart from slight setbacks in Southeast Europe. Therefore, the region was able to clearly decouple from the crisis-ridden countries in the south of Europe. Generally, the rebound of real estate markets in Central and Eastern Europe is progressing in line with the (difficult) macroeconomic environment, but Central and Eastern Europe is still benefiting from sound market fundamentals and a far lower debt levels than Western European countries,” concluded Valenta.

[1] Refinancing of the office complex Forum Business Center I in Bratislava; financing of the shopping and entertainment centre Aupark, the Apollo Business Center I and Aupark Tower in Bratislava as well as the River Garden Office in Prague.