

Union Investment expands real estate portfolio in Hungary

Kristina Palace office development project in Budapest acquired for Unilmmo: Global



Union Investment Real Estate AG has completed the Unilmmo: Global fund's first acquisition in Central and Eastern Europe in the shape of the Kristina Palace development in Budapest. Situated in a very central location on the Buda side of the river, close to Déli train station, the new Kristina Palace office building is scheduled to open in June 2009 and will comprise some 18,000 square metres of Class A rental space. The developer and vendor is the Hungarian branch of Codic International S.A., a European Real Estate developer, in a joint venture with Blum Holding GmbH, sister company of Terrafinanz. The total investment for Unilmmo: Global amounts to around EUR 60 million.

“With its excellent transport links, the central Buda submarket benefits from rising demand from prospective international and local tenants for premium new-build space,” says Dr. Reinhard Kutscher, chairman of the Management Board of Union Investment Real Estate AG. “Due to anticipated rental growth, Kristina Palace represents the ideal opportunity for the fund to enter the Hungarian market.” Rents are contractually pegged to the euro, with the vendor having given an 18-month rental guarantee to cover letting risk.

The involvement of an experienced player such as Codic International S.A. on the development side ensures the design and construction of the building will be of the highest quality. Kristina Palace will feature efficient use of space (with a target of 95% for the net area ratio) and exceptional energy efficiency. The façade is extremely well insulated and attractive inner courtyards are planned by architects’ practice Dominique Perrault, who also designed the National Library in Paris. In this transaction, Codic Hungary was advised by Jones Lang LaSalle and Cushman & Wakefield. The sale was made through Jones Lang LaSalle.

Union Investment first entered the Hungarian property market in 2005 by acquiring three minority stakes in office and logistics properties for its open-ended real estate fund Unilmmo: Europa. In the CEE countries, Union Investment’s open-ended real estate funds currently hold property assets valued at some EUR 300 million.

Codic Hungary is a member of the Codic Group (www.codic.eu). Codic has focused its development projects on office buildings, business parks, shopping centers since 1970. The Group started its operation in Belgium, then soon appeared on markets of the adjacent countries, France and the Grand Duchy of Luxembourg. The Group's growth has accelerated over the past 10 years. In the period from 1998 to 2008, the Group developed projects with a total area of 900,000 m². This marked development makes it possible for Codic International to become established on new markets. After Hungary, the Group continues expansion in Romania and Spain.

Press contact

Union Investment Real Estate AG
Real Estate Marketing and Communication
Fabian Hellbusch
Caffamacherreihe 8
20355 Hamburg
Germany
Tel: +49 40 3491 9160, Fax: +49 40 3491 95160
E-mail: fabian.hellbusch@union-investment.de
Internet: www.union-investment.com/realestate

Codic Group
Manuela Hollanders
Head of Communications

Codic Group

+32.479 951 677

Chaussée de La Hulpe, 130 Box 2

1000 Brussels

E-mail: m.hollanders@codic.eu

Internet: www.codic.eu