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## **Union Investment acquires majority stake in Prague shopping centre Palladium**

### **Foreign holdings in retail segment to be increased further**

Union Investment has acquired a majority stake in the Palladium shopping centre in Prague for its open-ended real estate fund Unilmmo: Deutschland by purchasing shares in a corresponding property company. Completed in October 2007 and boasting a gross floor area of 115,000 sq m, of which 41,000 sq m is dedicated to retail and 18,000 sq m to office use, the almost fully let Palladium is the largest shopping centre in Prague's central retail district. The transaction is based on a property value of approximately EUR 570 million. Union Investment was advised on the deal by CBRE. The acquisition was supported by a loan facility with Bayern LB and Helaba as lenders, Helaba acting as arranger and agent.

Palladium is centrally located on Náměstí Republiky square with direct links to the main shopping area, and offers parking for 860 cars. It represents a unique retail and service offering in Prague's historic centre which sensitively integrates protected historic buildings from the Habsburg era. Since it opened, the shopping centre has developed into a real retail magnet at the north-eastern end of the pedestrian zone, attracting some 15.8 million visitors in 2014 from far beyond the local region. Palladium is home to a broad mix of over 200 tenants, including anchor tenants Marks & Spencer, H&M, C&A, Samsung and Esprit, as well as Böhringer and CBRE in the office space.

“Successful centre management has delivered an attractive tenant and sector mix in the retail space, combined with good occupancy levels in the office space, which means we can expect positive long-term cash flow and a high level of income stability,” said Henrike Waldburg, head of Shopping Centre Investment Management at Union Investment Real Estate GmbH.

The vendor is a private equity company, which was represented by Hannover Leasing of Pullach, Germany, acting as investment and asset manager. The vendor company is retaining

an interest in the property company as a minority shareholder. An advisory agreement covering asset management has been signed with Hannover Leasing.

Following the acquisition of Palladium, Union Investment's broadly diversified portfolio of European shopping centres comprises 41 properties with a total value of approximately EUR 6,45 billion. Based on real estate asset values, approximately 40 per cent of Union Investment's retail assets are currently located outside Germany.

The retail portfolio of Unilmmo: Deutschland, which has total assets of around EUR 10 billion, includes the ALEXA mall in Berlin, the Kröpcke Centre in Hanover, Riem Arcades in Munich and Manufaktura in Łódź.

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