

## PRESS RELEASE

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### IMMORENT: One of the top three players in Hungary thanks to leasing & more

#### Highlights 2006

- **Hungarian leasing market: New business worth EUR 4,186 million**
- **IMMORENT the number 3 on the real estate leasing market with an 11.2% market share**
- **Positioning of the “more” services project development and construction services**
- **Outlook 2007: Shopping centre projects in the pipeline**

#### **Hungarian Leasing Market: High Growth Potential for Real Estate Leasing**

In 2006 the Hungarian leasing market expanded by 7%, generating a volume of new business of EUR 4,186 million. Car leasing was once again a major source of business on the market last year. However, the high percentage of motor vehicles (75%) is now falling. Leasing in the real estate segment (11% of the total volume) and machinery and equipment leasing (14% of the total volume) are still "underdeveloped." While equipment leasing recorded high growth rates, real estate leasing is still in its infancy and according to experts has strong potential for further growth.

In general terms, there is a discernable trend toward concentration on the Hungarian leasing market. The leasing companies are usually subsidiaries of Austrian and German banks. Finance leasing plays a very minor role in Hungary, as it is not as clearly regulated as the operating leasing segment. The legal and fiscal environment in 2006 was characterised both by tax increases and new forms of taxation.

#### **IMMORENT One of the Top 3 Players on the Hungarian Real Estate Leasing Market**

With a market share of 8% IMMORENT continued to hold an important position on the Hungarian leasing market. In the core market of real estate leasing, IMMORENT is actually one of the top 3 players in the industry with a market share of 11.2 %.

IMMORENT's Managing Director Sándor Kovács explains this success as follows: "We took another important step in 2006, successfully strengthening the position of our comprehensive range of products on the Hungarian market. It was our stated goal to offer our clients the complete range of real estate business and property services. The excellent figures achieved in the real estate leasing business and our position on the Hungarian real estate market are underpinning this strategy in the long term."

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### **New Leasing Business in 2006 Totals EUR 41 Million**

In 2006 IMMORENT recorded new business totalling EUR 41 million. Most of this business was generated with public buildings (82.8%), while 17.2% was attributable to the commercial and retail sectors.

In 2006, as in the previous year, IMMORENT carried out numerous Public Private Partnership projects in Hungary in co-operation with Strabag. The most important projects last year included:

- Halls of residence and a teaching building for the University of Miskolc (total investment costs: 12.6 million)
- 2 halls of residence for the University of Gödöllő (total investment costs: 14.5 million)
- 2 halls of residence for the University of Gödöllő (total investment costs: 17.4 million)
- A hall of residence and a teaching building for the University of Sopron (total investment costs: 17.4 million)
- Campus for the universities in Pécs, Nyíregyháza and Gyöngyös

IMMORENT's financing activities in 2006 focused on operating leasing and PPP models in general (above all in co-operation with Erste Bank and Strabag in Hungary). In particular IMMORENT concentrated on the retail sector, providing financing for companies such as Penny Markt, CBA and KIKA. Successful projects were also implemented for clients in the hotel and tourism industry, such as Accor and Ramada.

### **Successful Establishment of the “more” Services**

In recent years, the “more” range of services has increasingly developed into a crucial component of IMMORENT's business. This enables the company to assist its clients at every stage of their investment, from project planning and financing to all aspects of construction.

IMMORENT Managing Director Peter Szente: “The ideal time for the first discussion with a customer is when the need for new business space arises. This is where we can support our customers with our expertise. This covers every aspect of a project starting with the selection of a site, the question of whether to convert an existing building or erect a new one, to financing and the utilisation of buildings.”

In the construction services segment IMMORENT provided construction reports, valuations and project supervision services for Erste Bank Hungary Rt, for proprietary projects and also for external customers.

### **Project Development Competence Expanded**

The Hungarian market is extremely well developed and characterised by a high degree of saturation. IMMORENT sees potential in Hungary for high-quality housing construction, but also for office projects in excellent locations.

In late 2006/early 2007 a co-operation agreement was signed for the construction of shopping centres throughout Hungary. Four sites in Budapest, Pécs, Tatabánya und Nyíregyháza have already been agreed upon, up to 16 others will follow. These shopping centres are all in easily accessible locations at the intersections of major traffic routes and all include food retailers.

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### **The IMMORENT Group: A European Real Estate Player with New Business Totalling EUR 2,142 Million**

The IMMORENT Group generated income before tax in the past financial year of EUR 67.8 million (including non-recurrent items EUR 100 million), a gain of 14.7% compared to the previous year (2005: EUR 59.1 million).

IMMORENT increased its volume of new leasing business by approximately 20% in 2006 to EUR 2,142 million (new business 2005: EUR 1,784 million), for the first time breaking through the EUR 2 billion threshold. The largest share of this total, namely EUR 918.5 million was generated by the subsidiaries in CEE. IMMORENT has 59,000 leasing contracts with a volume of more than EUR 6 billion.

With its two leasing subsidiaries IMMORENT and EBV leasing, which reported new business totalling approximately EUR 900 million and a market share of 14.8%, the Erste Bank Group was the bank group with the strongest leasing performance in Austria.

### **Europe-wide Full Service Provider of Real Estate and Property Management Services**

The “more” range of real estate and property services (project development, construction services, property investments) also contributed significantly to IMMORENT’s business success in 2006, generating EUR 40 million.

“From our base in Austria, we have successfully established our extensive product portfolio in our other markets. As a European leasing company with Austrian roots we support our clients with a comprehensive range of services for their investment and are a reliable partner in 11 countries,” said board member Gertrud Meisel-Ortner.

IMMORENT believes that project development offers the best international opportunities for the future. To date, projects with a total volume of almost EUR 800 million have been realised. They include for example, the Innovation Park in Graz and the Avenir Business Centre in Prague. The company is currently handling a project volume of approximately EUR 618 million, with a geographic concentration in the CEE and SEE states.

2006 was characterised by efforts to build up the subsidiaries, especially in Romania and Bulgaria. Real estate leasing was introduced in both markets and activities in the equipment leasing segment were successfully continued. IMMORENT reported especially pleasing growth rates in Slovenia and Croatia in 2006.

### **New Markets: Ukraine and Serbia**

IMMORENT is set to broaden the geographic scope of its business again with new branches in Kiev and Belgrade. “There is huge potential here,” says Gertrud Meisel-Ortner, “in Ukraine, for example, it is estimated that 50-80% of all plants will need to be renewed in the next few years. An investment requirement of at least EUR 65 billion is expected for the next few years.

Forecasts are similarly bright for Serbia, the second country in which IMMORENT founded a subsidiary at the start of April 2007. Here GDP growth is expected to reach 5% in both the next two years. IMMORENT also sees good opportunities in Serbia.

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As Meisel-Ortner says, “we have already been present in the market for four years. Austrian, Slovenian and Croatian customers have now approached us and asked us to support their investments in Serbia. That was one of the reasons that prompted us to take this step.”

### **Successful Outlook for 2007**

In 2007 IMMORENT will continue to focus on existing core areas of real estate leasing (especially Public Private Partnerships and operating leasing).

New opportunities are also presenting themselves, especially in the “more” services segment, where IMMORENT will expand and step up its project development and construction services activities. The shopping centres to be erected throughout the country mark an important step in this direction. The company also sees potential for high-quality housing and office projects in excellent locations.

On the whole, IMMORENT’s managers are optimistic: “A huge field of opportunities is opening up for us in real estate leasing, but especially with the ‘more’ services, and we are well prepared for the future. We look forward to the exciting years ahead and challenging projects.”

### **About IMMORENT**

[Immorent Ingatlanberuhazo es Ertekesito Kft](#) is owned jointly by the Austrian company IMMORENT Aktiengesellschaft which holds 91% of the shares and Erste Bank Hungary with a 9% interest. It is therefore part of the Erste Bank Group and has been operating on the Hungarian market since 1999. In keeping with its motto "leasing & more" IMMORENT offers an increasing range of project development and construction services in addition to classic real estate leasing.

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