

Press release

ATENOR launches an office project in Warsaw (Poland)

La Hulpe, 28 February 2018

ATENOR's new Polish affiliate has signed a preliminary agreement to acquire long term lease rights on two 30,500-sq. m office buildings in Warsaw. These office buildings are known as the "University Business Center" and are located in the Mokotów district. They offer approximately €3 million in annual rental income.

ATENOR is entering the most mature real estate market in Central Europe, with a highly visible property adjacent to the University of Warsaw. The site is also easy to access by public transport and by road, which is a major advantage in this submarket. In addition, Warsaw International Airport is less than fifteen minutes away by car.

The aim is to demolish and redevelop the smallest property (built in 1979), thereby increasing its current size. In parallel, ATENOR will manage several tenants including HP Poland, Sodexo, Emerson Process Management and Columbia Sportswear in the second, more modern, building dating from 2000. This office block has a surface area of 22,000 sq. m and offers an initial 9% return with a weighted average unexpired lease term of five-year. Whilst developing the first building, ATENOR will monitor the second building's market suitability, which is now excellent, and consider whether to renovate or renew the leases.

Poland is the largest country in Central and Eastern Europe in terms of size and economy. With a population of 38.5 million, it is also the sixth most populous country in the European Union.

Following strong economic growth, sustained demand over the last eighteen months has led to a remarkable turnaround in the Warsaw office market.

Warsaw has an office building stock of 5.2 million sq. m. Rents have stabilized and prime rents for central locations now stand between €20.5 and €23.0/sq. m/month, with €11.0 to €16.0/sq. m/month for the best non-central areas. This rental price bracket also demonstrates that there are significant differences between the submarkets. The overall vacancy rate was 12.9%, reflecting the divergent building qualities.

In Warsaw's southern real estate market, the lack of quality properties and stable rents is creating opportunities for developers, particularly if the buildings are well served by public transport and road access is satisfactory.

This new acquisition increases the geographic diversification of ATENOR's project portfolio by targeting dynamic European capitals that are experiencing significant economic growth. The current pre-agreement includes a condition precedent of obtaining a tax ruling, a standard procedure in the market for a transaction of this type.

ATENOR is a real-estate development company listed on Euronext Brussels. Its mission is to provide appropriate responses to the new requirements imposed by changes in urban and professional life, through its urban planning and architectural approach. Within this framework, ATENOR invests in large-scale real-estate projects meeting strict criteria in terms of location, economic efficiency and respect for the environment.

Reuters: ATE0.BR - Bloomberg: ATEB BB

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