

Nepi Rockcastle buys Budapest mall in €275m deal

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20 Sep 2017

Nepi Rockcastle, the largest property company listed on the JSE, has bought a large mall in Budapest, Hungary for €275m.



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Subsidiary Arena Property KFT has agreed to buy all the issued shares in, and claims against, Symmetry Arena Ingatlankezelő Korlátolt Felelősségű Társaság, which owns the 66,000m² Arena Plaza, Budapest's second largest shopping centre.

The Hungarian capital is the second most populous city in Central and Eastern Europe, the area where Nepi Rockcastle's growth is focused.

The mall, which opened in November 2007, has grown its annual footfall to more than 10-million people. Turnover growth has been above 7% a year for the past two years.

Nepi Rockcastle plans to refurbish the Arena Plaza, improve the leisure and entertainment offering, and bring in new tenants.

At the moment it is fully let and tenants include Bershka, H&M, IMAX Cinema City, KFC, Massimo Dutti, McDonalds, Media Markt, New Yorker, Peek & Cloppenburg, Pull & Bear, Sports Direct, Starbucks, Stradivarius, Tesco and Zara.

Nepi Rockcastle co-CEO Spiro Noussis said Hungary was on a growth path, having recovered its investment-grade credit rating in 2016. Economic growth is expected to be nearly double the European Union average this year and next, at 2.8% and 2.9%, against 1.4% and 1.5% for the EU.

Noussis said the acquisition "completes the company's entry into the eight largest markets" in central and east Europe.

Budapest's attractions include high quality infrastructure. It is 250km from Vienna in Austria and 200km from Bratislava in Slovakia, "the three cities creating one of the leading clusters of cross-border activities" in the region.

The aggregate purchase price paid for the transaction was €275m resulting in an acquisition yield of approximately 6.2%.

This acquisition has initially been funded by a combination of NEPI Rockcastle's existing cash resources, debt facilities, vendor finance and sale of various listed securities held, in line with management's strategy of decreasing this exposure.

Source: BDpro

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